DFL
DAFA LAND

大发地产集团有限公司
DaFa Properties Group Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 6111

GLOBAL OFFERING

Sole Sponsor and Sole Global Coordinator

建银国际
CCB International

Joint Bookrunners and Joint Lead Managers

建银国际 CCB International

招银国际 CMB INTERNATIONAL

首控證券 FIRST CAPITAL SECURITIES LIMITED

原銀證券 YUANYIN SECURITIES LIMITED

IMPORTANT: If you are in any doubt about any of the contents of this prospectus, you should obtain independent professional advice.

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GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	**200,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**20,000,000 Shares (subject to reallocation)**
Number of International Offer Shares	:	**180,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Maximum Offer Price	:	**HK$4.98 per Offer Share (payable in full in Hong Kong dollars on application plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% and subject to refund)**
Nominal value	:	**HK$0.001 per Share**
Stock code	:	**6111**

Sole Sponsor and Sole Global Coordinator

建银国际
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建银国际 CCB International　招银国际 CMB INTERNATIONAL　首控證券 FIRST CAPITAL SECURITIES LIMITED　原銀證券 YUANYIN SECURITIES LIMITED

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. A copy of this prospectus, having attached thereto the documents specified in "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix VI to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on or before Thursday, October 4, 2018, or such later time as may be agreed between the parties, but in any event, no later than Tuesday, October 9, 2018. If, for any reason, the Sole Global Coordinator, on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by Tuesday, October 9, 2018, the Global Offering will not become unconditional and will lapse immediately. The Offer Price will be not more than HK$4.98 per Offer Share and is expected to be not less than HK$3.28 per Offer Share, although the Sole Global Coordinator, on behalf of the Underwriters, and our Company may agree to a lower price. The Sole Global Coordinator, on behalf of the Underwriters, may, with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus (being HK$3.28 per Offer Share to HK$4.98 per Offer Share) at any time on or prior to the morning of the last date for lodging applications under the Hong Kong Public Offering. In such a case, notices of the reduction in the number of Hong Kong Offer Shares and/or the indicative Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the websites of the Stock Exchange at www.hkexnews.hk and our Company at www.dafaland.com as soon as practicable but in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offering. For further information, see the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

Prior to making an investment decision, prospective investors should carefully consider all of the information set out in this prospectus, and in particular, the risk factors set out in the section headed "Risk Factors."

Pursuant to the termination provisions contained in the Hong Kong Underwriting Agreement in respect of the Hong Kong Offer Shares, the Sole Sponsor and the Sole Global Coordinator, on behalf of the Hong Kong Underwriters, have the right in certain circumstances, in their absolute discretion, to terminate the obligation of the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement at any time prior to 8:00 a.m. on the Listing Date. Further details of the terms of the termination provisions are set out in the section headed "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Hong Kong Underwriting Agreement – Grounds for Termination." It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. The Offer Shares are being offered and sold only outside of the United States in offshore transactions in reliance on Regulation S.

September 28, 2018

*If there is any change in the following expected timetable, our Company will issue an announcement to be published on the website of the Stock Exchange at **www.hkexnews.hk** and the website of our Company at **www.dafaland.com**.*

Hong Kong Public Offering commences and **WHITE** and **YELLOW** Application Forms available from . . . . .9:00 a.m. on Friday, September 28, 2018

Latest time for completing electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2] . . . . .11:30 a.m. on Thursday, October 4, 2018

Application lists open[3] . . . . .11:45 a.m. on Thursday, October 4, 2018

Latest time for lodging **WHITE** and **YELLOW** Application Forms . . . . .12:00 noon on Thursday, October 4, 2018

Latest time for completing payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s) . . . . .12:00 noon on Thursday, October 4, 2018

Latest time for giving **electronic application instructions** to HKSCC[4] . . . . .12:00 noon on Thursday, October 4, 2018

Application lists close[3] . . . . .12:00 noon on Thursday, October 4, 2018

Expected Price Determination Date[5] . . . . .Thursday, October 4, 2018

(1) Announcement of the final Offer Price, the results of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering and the basis of allocations of the Hong Kong Offer Shares under the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) on or before . . . . Wednesday, October 10, 2018

(2) Results of allocations in the Hong Kong Public Offering (with successful applicants' identification document numbers or Hong Kong business registration numbers, where appropriate) to be available through a variety of channels as described in "How to Apply for Hong Kong Offer Shares – 11. Publication of Results" from . . . . .Wednesday, October 10, 2018

(3) A full announcement containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.dafaland.com**[7] from . . . . Wednesday, October 10, 2018

Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function from . . . . Wednesday, October 10, 2018

Despatch/collection of Share certificates or deposit of the Share certificates into CCASS in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[8][10] . . . . Wednesday, October 10, 2018

Despatch/collection of refund cheques and White Form e-Refund payment instructions in respect of wholly or partially successful applications (if applicable) or wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering on or before[9][10] . . . . Wednesday, October 10, 2018

Dealings in Shares on the Stock Exchange expected to commence at 9:00 a.m. on . . . . Thursday, October 11, 2018

Notes:

(1) All dates and times refer to Hong Kong local dates and times, except as otherwise stated.

(2) You will not be permitted to submit your application to the **White Form eIPO** Service Provider through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website at or before 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

(3) If there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 4, 2018, the application lists will not open or close on that day. Please refer to "How to Apply for Hong Kong Offer Shares – 10. Effect of Bad Weather on the Opening of the Application Lists." If the application lists do not open and close on Thursday, October 4, 2018, the date mentioned in this section may be affected. A press announcement will be made by us in such event.

(4) Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to "How to Apply for Hong Kong Offer Shares – 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS."

(5) The Price Determination Date is expected to be on or around Thursday, October 4, 2018 and, in any event, not later than Tuesday, October 9, 2018. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator and us by Tuesday, October 9, 2018, the Global Offering will not proceed and will lapse.

(6) Neither our Company's website or any of the information contained on our Company's website forms part of this prospectus.

(7) Share certificates of the Offer Shares will only become valid at 8:00 a.m. on Thursday, October 11, 2018 provided that the Global Offering has become unconditional in all respects, and neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offering and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant's Hong Kong identity card number or passport number before encashment of the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may invalidate or delay encashment of the refund cheque.

(9) Applicants who have applied on **WHITE** Application Forms or **White Form eIPO** for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by the Application Form may collect any refund cheques and/or Share certificates in person from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, October 10, 2018 or such other date as notified by our Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques. Applicants being individuals who are eligible for personal collection may not authorize any other person to collect on their behalf. Applicants being corporations which are eligible for personal collection must attend through their authorized representatives bearing letters of authorization from their corporation stamped with the corporation's chop. Both individuals and authorized representatives of corporations must produce evidence of identity acceptable to our Hong Kong Share Registrar at the time of collection.

Applicants who have applied on **YELLOW** Application Forms for 1,000,000 or more Hong Kong Offer Shares may collect their refund cheques, if any, in person but may not elect to collect their Share certificates as such Share certificates will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit to their or the designated CCASS Participants' stock account as stated in their Application Forms. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

Applicants who have applied for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC via CCASS should refer to "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies – Personal Collection – (iv) If you apply via electronic application instructions to HKSCC" for details.

Applicants who have applied through the **White Form eIPO** service and paid their applications monies through single bank accounts may have refund monies (if any) dispatched to the bank account in the form of e-Refund payment instructions. Applicants who have applied through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions in the form of refund cheques by ordinary post at their own risk.

Applicants who have applied for less than 1,000,000 Hong Kong Offer Shares and any uncollected Share certificates and/or refund cheques will be dispatched by ordinary post, at the applicants' risk, to the addresses specified in the relevant applications.

Further information is set out in the sections headed "How to Apply for Hong Kong Offer Shares – 13. Refund of Application Monies" and "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies" in this prospectus.

The above expected timetable is a summary only. You should refer to "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" for details of the structure of the Global Offering, including the conditions of the Global Offering, and the procedures for application for the Hong Kong Offer Shares.

IMPORTANT NOTICE TO INVESTORS

This prospectus is issued by DaFa Properties Group Limited solely in connection with the Hong Kong Public Offering and the Hong Kong Offer Shares and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Hong Kong Offer Shares offered by this prospectus pursuant to the Hong Kong Public Offering. This prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this prospectus in any jurisdiction other than Hong Kong. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of our or their respective directors or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this prospectus. You should read the whole document before you decide to invest in the Offer Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set forth in "Risk Factors." You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. During the Track Record Period and up to June 30, 2018, we had a diverse portfolio of 29 projects consisting of 24 residential properties, four commercial complexes and one office floor. Of all the aforementioned projects, five projects are located in Shanghai, 24 projects are located in Jiangsu, Anhui and Zhejiang provinces.

As of June 30, 2018, we had land reserves with a total GFA of 2,238,827.22 sq.m., including (i) completed properties with a total saleable unsold GFA of 249,781.71 sq.m. and a total rentable GFA of 68,468.84 sq.m., accounting for 14.2% of our total land reserves, (ii) properties under development with a total planned GFA of 1,293,586.94 sq.m., accounting for 57.8% of our total land reserves and (iii) properties held for future development with a total planned GFA of 626,989.73 sq.m., accounting for 28.0% of our total land reserves.

During the Track Record Period, our business operations consisted of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services. We derive our revenue principally from the sales of properties we developed. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue generated from property development and sales was RMB615.8 million, RMB623.7 million, RMB4,476.6 million, RMB58.3 million and RMB854.6 million, respectively.

We position our brand as "Designing for Life" with a vision of providing high-quality properties and creating specific living scenes for our customers. We use the brand names "大发" or "大发地产" to carry out our business in China. To implement our market positioning strategy, we have developed five product series of residential property projects, namely, the Kai series (凱系列), the Continental series (歐陸系列), the Bliss series (融悦系列), the Jun Fu series (雋府系列) and the Holywell series (現代系列), each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted customers from first-home purchasers to customers with home upgrade demand and to high-end customers.

We advocate the concept of "situational real estate." Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios. Our research methods include integrating customer insight and big data analysis, with site adaptability, spatial planning, public space design, human care, environmental friendliness and intelligent design taken into consideration. We classified the lives of our customers into six scenarios: "family stroll," "children's adventure," "leisure time for grandparents and children," "pleasant talk between neighbors," "fitness mania's ground," and "time with friends." See "Business – Property Development and Sales Process – Project Planning and Design."

We believe we are generally recognized in the industry. In the past few years, we have won numerous awards from several organizations, including "China Top 100 Real Estate Developers (中國房地產企業100強)" in 2016, 2017 and 2018, "The Star Developers among the 2016 China Top 100 Real Estate Developers (2016年中國房地產百強之星)," "Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)" in 2016 and 2017, "2018 China Top 100 Real Estate Developers (2018年中國房地產企業100強)" and "2018 China Special Real Estate Outstanding Operation Enterprise – Situational Real Estate (2018中國特色地產運營優秀企業–情景地產)," all issued by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組), and the "Key Enterprise Contribution Award (重點企業貢獻獎)" from 2015 to 2018, all issued by Shanghai Hongkou District People's Government (上海市虹口區人民政府). See "Business – Awards."

We believe that our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew from RMB689.0 million in 2015 to RMB4,569.6 million in 2017, and the total GFA delivered grew from 143,978 sq.m. in 2015 to 316,809 sq.m. in 2017. Our revenue increased by 897.7% from RMB88.0 million for the four months ended April 30, 2017 to RMB878.0 million for the same period in 2018 and our total GFA delivered increased by 153.6% from 14,691 sq.m. for the four months ended April 30, 2017 to 37,259 sq.m. for the same period in 2018.

Our Business Model

We strive to develop high-quality residential properties primarily for first-home purchasers and customers with home upgrade demand. We are also engaged in the development of commercial properties to maintain a balanced development portfolio. During the Track Record Period, we provided property management services to certain commercial properties we developed.

We outsource the design and construction work of our property development projects to qualified design firms and contractors.

Due to the highly competitive and evolving nature of the real estate industry in China, we constantly monitor the changing market condition and adjust the sales prices of our projects as appropriate. See "Business – Property Development and Sales Process – Sales and Marketing – Pricing" for details.

Our Land Reserves

The following table sets forth the GFA breakdown of our land reserves as of June 30, 2018 in terms of geographic location:

	Completed		Under development	Future development	Total land reserves	Percentage of total land bank by geographical location
	Saleable GFA unsold(1)	Rentable GFA held for property investment(2)	Planned GFA under development(1)	Planned GFA(1)	Total GFA(1)	
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Shanghai	28,744.86	27,368.95	85,137.49	–	141,251.30	6.3
Nanjing	10,154.51	41,099.89	–	–	51,254.40	2.3
Wenzhou	199,958.93	–	191,291.85	–	391,250.78	17.5
Ningbo	–	–	172,594.78	–	172,594.78	7.7
Zhoushan	–	–	128,887.36	–	128,887.36	5.8
Wuhu	–	–	203,815.91	57,961.90	261,777.81	11.7
Anqing	10,923.41	–	511,859.55	58,032.41	580,815.37	25.9
Yancheng	–	–	–	209,685.00	209,685.00	9.4
Xuzhou	–	–	–	155,331.00	155,331.00	6.9
Huzhou	–	–	–	145,979.42	145,979.42	6.5
Total	**249,781.71**	**68,468.84**	**1,293,586.94**	**626,989.73**	**2,238,827.22**	**100.0**

Notes:

(1) Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant completion certificates or inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction work planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA. "Saleable GFA unsold" includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

(2) "Rentable GFA" refers to the internal floor area of a property, which has been allocated with shared floor area. It is space available to generate rental income.

Property Valuation

JLL valued our properties based on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

In the valuation of property interests which are held for sale or for future development by the Group, JLL has adopted the comparison approach, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

In the valuation of property interests which are held for investment by the Group, JLL has adopted the income approach, taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In the valuation of property interests currently under development by the Group, JLL has assumed that they will be developed and completed in accordance with the latest development proposals provided to it by the Group. In arriving at their opinion of values, JLL has adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and has also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. JLL has relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date and did not find any material inconsistency from those of other similar developments.

JLL is of the opinion that the aggregate value of our property interests as of June 30, 2018 was RMB16,989.9 million. For details as to the valuation of our properties, see "Property Valuation Report" in Appendix III. For risks associated with assumptions made in the valuation of our properties, see "Risk Factors – Risks Relating to Our Business – The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition."

Suppliers and Customers

Our major suppliers are construction material suppliers and construction contractors. The five largest suppliers accounted for approximately 61.6%, 60.7%, 38.4% and 52.7% of our total purchases for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively. Our single largest supplier for each of the three years ended December 31, 2017 and the four months ended April 30, 2018 accounted for approximately 21.7%, 20.6%, 9.7% and 21.8% of our total purchases, respectively. As of April 30, 2018, our business relationships with these major suppliers had generally been more than two years.

Our customers are individual and corporate purchasers of our residential properties and tenants of our commercial properties. For the three years ended December 31, 2017 and the four months ended April 30, 2018, revenue before business tax and surcharge from our five largest customers, all of whom were Independent Third Parties, amounted to RMB22.9 million, RMB36.6 million, RMB44.0 million and RMB33.7 million, respectively, accounting for approximately 3.1%, 5.0%, 0.9% and 3.8% of our total revenue before business tax and surcharge in the same years or period, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2018, revenue before business tax and surcharge from our single largest customer amounted to RMB9.3 million, RMB11.0 million, RMB11.4 million and RMB11.2 million, respectively, accounting for 1.3%, 1.5%, 0.2% and 1.3% of our total revenue before business tax and surcharge in the same years or period, respectively. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders who own five per cent or more of our issued capital had any interest in any of our five largest customers during the Track Record Period.

COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths: (i) an expanding residential real estate developer taking root in Shanghai and intensively penetrating into the Yangtze River Delta Region; (ii) land reserves in core cities of the Yangtze River Delta Region and efficient land acquisition capabilities; (iii) an advocate of situational real estate and a practitioner of quality real estate, providing housing and leading people to a better life; (iv) customer-oriented residential products designed to meet customer demands; superiorly-situated commercial properties that bring in stable cash flows; (v) active and prudent financial policies and operations; and (vi) experienced senior management and executive operation team.

STRATEGIES

We strive to become a leading residential real estate developer in the PRC. To achieve our goal, we intend to implement the following strategies: (i) continuing to deepen penetration in the Yangtze River Delta Region by establishing regional branches in Nanjing, Hefei and Wenzhou to explore land parcels with development potential and seeking opportunities in other cities such as Guangzhou of southern China, Wuhan of central China, Xi’an of northwestern China and Chengdu of southwestern China; (ii) continuing to enhance our financial structure; (iii) consolidating and strengthening product competitiveness and continuing to provide products developed from the customer perspective; (iv) optimizing corporate operations and improving our brand recognition; and (v) increasing our talent reserves to meet rapid development in the future.

SELECTED RESULTS OF OPERATIONS

We derived most of our revenue from sale of properties during the Track Record Period. The following table sets forth our key results of operations during the Track Record Period:

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
Revenue (RMB'000)	688,995	704,646	4,569,636	88,046	877,975
Property development and sales (RMB'000)	615,760	623,671	4,476,569	58,336	854,627
Commercial property investment and operations (RMB'000)	66,729	73,675	85,044	27,228	21,869
Property management services (RMB'000)	6,506	7,300	8,023	2,482	1,479
Gross Profit (RMB'000)	107,708	119,157	657,281	26,300	264,503
Gross Profit Margin (%)	15.6	16.9	14.4	29.9	30.1
Property development and sales (%)	8.9	9.4	13.1	9.7	28.8
Commercial property investment and operations (%)	73.7	75.5	76.4	69.9	80.2
Property management services (%)	61.1	64.6	66.5	66.2	64.5
GFA Delivered (sq.m.)	143,978	135,198	316,809	14,691	37,259
Recognized ASP (RMB/sq.m.)	4,277	4,613	14,130	3,971	22,937

Revenue from sale of properties has been constituted, and is expected to continue to constitute, a substantial majority of our total revenue. The increases in our revenue from sale of properties during the Track Record Period were primarily attributable to the increases in both the GFA of residential property projects completed and delivered, as we continue to expand our business in the Yangtze River Delta Region, and the recognized ASP per sq.m..

The changes in the gross profit margin in property development and sales during the Track Record Period were primarily affected by the prices, the construction costs and the land use right costs of our properties. A significant portion of our total GFA delivered in 2015, 2016 and the first four months of 2017 were concentrated in Anqing with relatively low recognized ASP per sq.m. and low construction costs per sq.m., whereas a significant portion of our total GFA delivered since the second half of 2017 were concentrated in developed areas including Shanghai, Nanjing and Wenzhou with relatively high recognized ASP per sq.m. and high construction costs per sq.m.. The increases in gross profit margin in property development and sales during the Track Record Period were mainly attributable to the increases in recognized ASP per sq.m., which outpaced the increase in construction costs per sq.m..

The increases in the gross profit margin in commercial property investment and operations from 2015 to 2017 were primarily due to the increases in the average occupancy rate and rental income. The gross profit margin in commercial property investment and operations increased from 69.9% for the four months ended April 30, 2017 to 80.2% for the same period of 2018, primarily reflecting the effect of the disposal of our entire equity interest in Nanjing Wisdom Warden in March 2018. We rent out entire Nanjing IST Mall to Nanjing Wisdom Warden except for one store and receive fixed rental payments. The disposal resulted in a decrease in the cost for our commercial property investment and operations, which outpaced the decrease in our revenue generated from commercial property investment and operations and in turn led to the increase in the gross profit margin.

The gross profit margin in property management services increased from 2015 to 2017 and remained relatively stable afterwards. The increase from 2015 to 2017 was primarily due to increased occupancy rate and property management income.

Our overall gross profit margin decreased from 16.9% for the year ended December 31, 2016 to 14.4% for the year ended December 31, 2017 because the proportion of revenue derived from property development and sales, which had relatively lower gross profit margin compared with those of our other business lines, increased significantly in 2017. The gross profit margin of 29.9% for the four months ended April 30, 2017 was significantly higher than those in the three years ended December 31, 2017, primarily because the proportion of revenue derived from commercial property investment and operations, which had relatively higher gross profit margin compared with our other business lines, increased significantly during this period as most of our revenue derived from property development and sales in 2017 was recorded in the second half of that year. The gross profit margin of 30.1% for the four months ended April 30, 2018 was significantly higher than those in the three years ended December 31, 2017, primarily because the sales of our project Dafa Bliss Huating in Shanghai, which commanded a relatively high recognized ASP per sq.m.. The revenue from sales of our project Dafa Bliss Huating, which recorded a gross profit margin of 30.4% for the four months ended April 30, 2018, constituted approximately 86.7% of our total revenue from property development and sales for the same period.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of our consolidated financial information during the Track Record Period. We have derived the summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this prospectus. The below summary should be read together with the consolidated financial information in Appendix I to this prospectus, including the accompanying notes and the information set forth in "Financial Information" in this prospectus. Our consolidated financial information was prepared in accordance with IFRS.

Summary Consolidated Statements of Comprehensive Income

The following table sets forth a summary of our consolidated results of operations during the Track Record Period. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**	*(RMB'000)*
REVENUE	688,995	704,646	4,569,636	88,046	877,975
Cost of sales	(581,287)	(585,489)	(3,912,355)	(61,746)	(613,472)
GROSS PROFIT	107,708	119,157	657,281	26,300	264,503
Finance income	15,783	8,437	9,344	2,089	5,522
Other income and gains	1,646	2,103	2,958	619	30,860
Selling and distribution expenses	(55,900)	(71,194)	(94,293)	(23,865)	(37,472)
Administrative expenses	(89,002)	(105,046)	(133,925)	(34,613)	(70,310)
Other expenses	(824)	(6,212)	(27,580)	(1,400)	(298)
Fair value gains on investment properties	271,000	254,000	58,000	14,000	18,847
Finance costs	(101,855)	(114,562)	(133,650)	(50,651)	(58,840)
Share of loss of an associate	–	(1,583)	(2,607)	(900)	(844)
PROFIT/(LOSS) BEFORE TAX	148,556	85,100	335,528	(68,421)	151,968
Income tax (expense)/credit	(95,138)	(63,245)	(191,364)	3,666	(74,414)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	53,418	21,855	144,164	(64,755)	77,554
Attributable to:					
Owners of the parent	58,380	24,723	137,495	(63,974)	78,655
Non-controlling interests	(4,962)	(2,868)	6,669	(781)	(1,101)
	53,418	21,855	144,164	(64,755)	77,554
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	N/A	N/A	N/A	N/A	N/A

For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our revenue was RMB689.0 million, RMB704.6 million, RMB4,569.6 million, RMB88.0 million and RMB878.0 million, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, we achieved gross profit margin of 15.6%, 16.9%, 14.4%, 29.9% and 30.1%, respectively. Our revenue increased significantly from RMB689.0 million for the year ended December 31, 2015 to RMB4,569.6 million for the year ended December 31, 2017, primarily due to the increase in revenue derived from property development and sales. Primarily due to the same reason, our revenue increased significantly from RMB88.0 million for the four months ended April 30, 2017 to RMB878.0 million for the same period in 2018. See "Financial Information" for more details about our financial performance during the Track Record Period.

The following table sets forth our net losses or profits during the Track Record Period.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Profit/(loss) for the year/period	53,418	21,855	144,164	(64,755)	77,544
Less: Fair value gains on investment properties	271,000	254,000	58,000	14,000	18,847
Tax effect	(67,750)	(63,500)	(14,500)	(3,500)	(4,712)
Profit/(loss) for the year/period (excluding the post-tax fair value gains on investment properties)	(149,832)	(168,645)	100,664	(75,255)	63,409

Net losses or profits excluding the post-tax fair value gains on investment properties is a non-IFRS measure; however, such information illustrates the effect of fair value gains on investment properties post tax on our profitability for the relevant years or periods.

We recorded net losses without including fair value gains on investment properties in 2015, 2016 and the four months ended April 30, 2017 because (i) we accelerated our property development activities since 2015, resulting in high fixed costs, selling and distribution expenses as well as administration expenses, (ii) a relatively lower level of aggregate GFA completed and delivered in the early stage of expansion, which had subsequently been improved since the second half of 2017 and (iii) a significant portion of our total GFA delivered in 2015, 2016 and the first four months of 2017 were concentrated in Anqing with relatively low recognized ASP per sq.m..

Summary Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as of the dates indicated:

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Total non-current assets	2,446,609	2,806,443	2,942,562	2,983,829
Total current assets	6,973,077	9,783,809	12,334,861	13,365,680
Total current liabilities	4,324,208	8,489,491	7,505,867	10,181,574
Net current assets	2,648,869	1,294,318	4,828,994	3,184,106
Total non-current liabilities	3,134,698	2,125,556	5,783,528	4,283,235
Total Equity	1,960,780	1,975,205	1,988,028	1,884,700

Our net current assets decreased from RMB2,648.9 million as of December 31, 2015 to RMB1,294.3 million as of December 31, 2016, primarily due to a significant increase in contract liabilities as the pre-sale of our properties then under development increased, which was partially offset by an increase in properties under development as our property development activities increased. Our net current assets increased to RMB4,829.0 million as of December 31, 2017, primarily due to (i) a significant increase in completed properties held for sale, and (ii) significant decreases in interest-bearing bank and other borrowings and current liabilities, which were partially offset by an increase in trade payable as our property activities increased. Our net current assets subsequently decreased to RMB3,184.1 million as of April 30, 2018, primarily due to (i) significant increases in interest-bearing bank and other borrowings and contract liabilities, and (ii) decreases in completed properties held for sale due to our increased pre-sale of new property projects, partially offset by an increase in property under development. Our net current assets further decreased from RMB3,184.1 million as of April 30, 2018 to RMB2,860.6 million as of July 31, 2018, primarily due to an increase in contract liabilities as the pre-sale of our properties then under development increased, such as our projects Hai Jun Fu (海雋府) and Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)), which was partially offset by: (i) an increase in properties under development as our property development activities increased; and (ii) an increase in prepayments, deposits and other receivables due to increased upfront deposit or prepayments for participation in public tender, auction and listing-for-sale process for our projects. See "Financial Information – Liquidity and Capital Resources – Net Current Assets."

Our net assets decreased from RMB1,988.0 million as of December 31, 2017 to RMB1,884.7 million as of April 30, 2018 primarily due to: (i) the acquisition of the entire equity interest in Shanghai Dafa by Wenzhou Kaiyang and the equity transfer from Shanghai Win Investment Development to Shanghai Dafa; (ii) the allotment and issue of Shares by our Company to Splendid Sun, Glorious Villa and He Hong; and (iii) our profit attributable to the owners of the parent for the four months ended April 30, 2018 of approximately RMB78.7 million. For details for the aforesaid acquisition, equity transfer and allotment and issue of Shares, please refer to "Our History and Reorganization – Reorganization."

Summary Consolidated Statements of Cash Flows

The following table sets forth our cash flows for the periods indicated:

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**	*(RMB'000)*
Selected cash flow statement data					
Net cash flows from/(used in) operating activities	(792,190)	855,483	(2,393,466)	(1,275,779)	238,708
Net cash flows from/(used in) investing activities	(63,659)	16,172	(115,381)	(202,555)	682,026
Net cash flows (used in)/from financing activities	785,296	(759,524)	2,729,236	1,437,300	(626,790)
Net increase/(decrease) in cash and cash equivalents	(70,553)	112,131	220,389	(41,034)	293,944
Cash and cash equivalents at the beginning of year/period	115,223	44,670	156,801	156,801	377,190
Cash and cash equivalents at the end of year/period	44,670	156,801	377,190	115,767	671,134

Our net cash used in operating activities amounted to RMB792.2 million for the year ended December 31, 2015, primarily attributable to an increase in properties under development of RMB1,777.8 million due to our increased property development activities. Our net cash from operating activities was RMB855.5 million for the year ended December 31, 2016, primarily attributable to an increase in contract liabilities of RMB3,443.7 million due to our increased pre-sale of new property projects and an increase in trade payables of RMB460.4 million due to our increased property constructions. Our net cash used in operating activities was RMB2,393.5 million for the year ended December 31, 2017, primarily attributable to an increase in completed properties held for sale of RMB1,057.2 million due to our increased property development activities, a decrease in contract liabilities of RMB765.3 million due to our decreased pre-sale of new property projects and an increase in properties under development of RMB431.3 million due to our increased property development activities. Net cash used in operating activities for the four months ended April 30, 2017 was RMB1,275.8 million, primarily attributable to an increase in completed properties held for sale of RMB1,507.9 million and an increase in properties under development of RMB635.0 million due to our increased property development activities and an increase in restricted cash of RMB246.6 million due to our increased pre-sale of new projects. Our net cash from operating activities was RMB238.7 million for the four months ended April 30, 2018, primarily attributable to an increase in contract liabilities of RMB1,783.8 million due to our increased in pre-sale of new property projects. See "Financial Information – Liquidity and Capital Resources – Cash Flow."

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as of and for the period ended the dates indicated:

	For The Year Ended and as of December 31,			For The Four Months Ended and as of April 30,
	2015	2016	2017	2018
Gross profit margin (%)(1)	15.6	16.9	14.4	30.1
Net profit margin (%)(2)	7.8	3.1	3.2	8.8
Return on equity (%)(3)	2.7	1.1	7.3	12.3
Current ratio (times)(4)	1.6	1.2	1.6	1.3
Net gearing ratio (%)(5)	196.5	150.0	270.8	235.6
Interest coverage ratio (times)(6)	0.6	0.4	0.7	0.7

Notes:

(1) Gross profit margin for the three years ended December 31, 2017 and the four months ended April 30, 2018 was calculated based on our gross profit of respective periods divided by our revenue of respective periods and multiplied by 100.

(2) Net profit margin for the three years ended December 31, 2017 and the four months ended April 30, 2018 was calculated based on our net profit of respective periods divided by our revenue of respective periods and multiplied by 100.

(3) Return on equity for each of the years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2018 was calculated based on our net profit of the respective years or annualized periods, as the case may be, divided by total equity as of the end of the respective periods and multiplied by 100.

(4) Current ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 were calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the respective dates.

(5) Net gearing ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 were calculated as total interest-bearing bank and other borrowings less cash and bank balances divided by total equity as of the end of the respective periods and multiplied by 100.

(6) Interest coverage ratios for each of the years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2018 were calculated based on our profit for the year/period before income tax expenses, adding interest expenses in our consolidated financial statements, divided by our interests on interest-bearing bank and other borrowings and interests from significant financing component of contract liabilities, which include capitalized interests for the respective year/period.

Our net profit margin decreased from 7.8% for the year ended December 31, 2015 to 3.1% and 3.2% for the year ended December 31, 2016 and 2017, respectively, primarily due to (i) increases in our selling and distribution expenses, administrative expenses, other expenses and finance costs, mainly as a result of the expansion of our property development and sales business in 2016 and 2017; and (ii) decreases in fair value gains on investment properties in 2016 and 2017. For details, please refer to the section headed "Financial Information" of this prospectus.

Our net gearing ratio was 196.5%, 150.0%, 270.8% and 235.6% as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. The fluctuations in our net gearing ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 reflected the changes in our balances of interest-bearing bank and other borrowings as of the respective dates. The significant decrease in our net gearing ratio from December 31, 2015 to December 31, 2016 was primarily because our total loans and borrowings decreased from RMB4,091.5 million as of December 31, 2015 to RMB3,258.6 million as of December 31, 2016 due to repayment of interest-bearing bank and other borrowings of RMB1,972.1 million using pre-sale proceeds primarily from our projects Dafa Bliss Garden (大發融悦花園), Dafa Bliss Huating (大發融悦華庭) and Kaixin Jinyuan A (凱欣錦園A), partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,124.5 million primarily for the development of our project Dafa Bliss Four Seasons (大發融悦四季). Our net gearing ratio increased significantly from 150.0% as of December 31, 2016 to 270.8% as of December 31, 2017 primarily due to an increase in our interest-bearing bank and other borrowings from RMB3,258.6 million as of December 31, 2016 to RMB5,987.3 million as of December 31, 2017 due to proceeds from interest-bearing bank and other borrowings of RMB5,978.8 million primarily for the development of our projects Dafa Bliss Four Seasons (大發融悦四季), Dafa Bliss Oriental (Wenzhou) (大發融悦東方(溫州)), Kaize Jinyuan (凱澤錦園), Bliss Xinjie Residence (融悦新界公館) and Hai Jun Fu (海雋府), partially offset by repayment of interest-bearing bank and other borrowings of RMB3,249.4 million using pre-sale proceeds primarily from our projects Kaixin Jinyuan A (凱欣錦園A), Kaixin Jinyuan B (凱欣錦園B) and Dafa Bliss Huating (大發融悦華庭). The decrease in our net gearing ratio from 270.8% as of December 31, 2017 to 235.6% as of April 30, 2018 was primarily due to a significant increase in our cash and cash equivalents from RMB337.2 million as of December 31, 2017 to RMB671.1 million as of April 30, 2018 due to pre-sale proceeds from our projects Dafa Bliss Four Seasons (大發融悦四季), Hai Jun Fu (海雋府) and Dafa Bliss Oriental (Wenzhou) (大發融悦東方(溫州)).

OUR SHAREHOLDING STRUCTURE

The Ultimate Controlling Shareholders had entered into a deed of act-in-concert (the "**Deed of Act-in-concert**") and agreed to consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions since January 1, 2015 or the date when they became interested in any member of our Group, whichever is earlier.

Immediately following the completion of the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Ultimate Controlling Shareholders acting in a consensual manner by virtue of the Deed of Act-in-concert, will be entitled to exercise voting rights of approximately 75% of the total issued share capital of our Company through their respective investment holding companies.

GLOBAL OFFERING STATISTICS[1]

Offer size:	Initially 25% of the enlarged issued share capital of our Company
Offering structure:	Initially 10% for the Hong Kong Public Offering (subject to reallocation) and 90% for the International Offering (subject to reallocation and the Over-allotment Option)
Over-allotment Option:	Up to 15% of the number of Offer Shares initially available under the Global Offering
Offer Price per Share:	HK$3.28 to HK$4.98 per Offer Share

	Based on an Offer Price of HK$3.28 per Offer Share	**Based on an Offer Price of HK$4.98 per Offer Share**
Market capitalization of our Shares[2]	HK$2,624 million	HK$3,984 million
Unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company per Share[3]	HK$3.43	HK$3.83

Notes:

(1) All statistics in this table are based on the assumption that the Over-allotment Option is not exercised.

(2) The calculation of market capitalization is based on 200,000,000 Shares expected to be issued under the Global Offering, and assuming that 800,000,000 Shares are issued and outstanding after completion of the Capitalization Issue and immediately following the completion of the Global Offering, without taking into consideration the exercise of the Over-allotment Option.

(3) The unaudited pro forma adjusted consolidated net tangible asset per Share is calculated after making the adjustments referred to in "Unaudited Pro Forma Financial Information" in Appendix II and on the basis that 800,000,000 Shares are issued and outstanding after completion of the Capitalization Issue and immediately following the completion of the Global Offering, without taking into consideration the exercise of the Over-allotment Option.

USE OF PROCEEDS

We estimate that we will receive net proceeds from the Global Offering of approximately HK$726.0 million (assuming an Offer Price of HK$4.13 per Offer Share, being the mid-point of the indicative Offer Price range), after deducting the underwriting fees and expenses payable by us in the Global Offering and assuming no exercise of the Over-allotment Option; or approximately HK$844.9 million, if the Over-allotment Option is exercised in full.

We intend to use the net proceeds of the Global Offering for the following purposes:

- Approximately 60%, or HK$435.6 million, will be used within one year after Listing as the construction costs for the development of our existing property projects, namely Dafa Bliss Oriental (Wuhu) (大發融悅東方(蕪湖)) and Kaize Jinyuan (凱澤錦園). See "Business – Property Development and Sales" for further details of our projects;

- approximately 30%, or HK$217.8 million, will be used for repayment of a majority of a two-year borrowing of RMB530.0 million from an asset management company with a fixed interest rate of 8.5% per annum and maturity date of September 26, 2019, and we expect to utilize the working capital generated from our operations to repay the shortfalls of approximately RMB312.2 million; and

- approximately 10%, or HK$72.6 million, will be used for general working capital purposes.

See "Future Plans and Use of Proceeds."

DIVIDEND

Our distributable reserves as of December 31, 2015, 2016 and 2017 were RMB1,375.6 million, RMB1,400.3 million and RMB1,395.8 million, respectively. In 2017, we declared dividends of RMB142.0 million to the then shareholders of our subsidiaries and dividends of RMB4.5 million to the non-controlling shareholders of a subsidiary and had paid such dividends as of the Latest Practicable Date. In 2015, we paid a dividend of RMB20.0 million to the then shareholder of one of our subsidiaries.

The Company has no fixed dividend policy and, subject to compliance with the relevant laws of the Cayman Islands and the Articles, the Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, the Board will evaluate the Company's earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that the Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all. Certain of our subsidiaries are subject to restrictions on dividend payment pursuant to certain loan covenants under certain outstanding loan agreements. See "Financial Information – Dividend and Distributable Reserves."

RISK FACTORS

There are certain risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business, (ii) risks relating to industry, (iii) risks relating to conducting business in the PRC and (iv) risks relating to the Global Offering and our Shares. For example, our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets and are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate. In addition, we may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices. A detailed discussion of all the risk factors involved are set forth in "Risk Factors" and you should read the whole section carefully before you decide to invest in the Offer Shares.

NON-COMPLIANCES

During the Track Record Period, we experienced certain incidents of non-compliances, such as non-compliances in connection with construction-related permits and non-compliances in connection with violation of PRC Advertising Law and PRC Pricing Law. See "Business – Legal Proceedings and Compliance – Non-Compliance Incidents."

COMPETITIVE LANDSCAPE

The PRC real estate industry and the regional residential property markets in Shanghai, Jiangsu, Zhejiang and Anhui provinces are highly fragmented and competitive. We compete primarily with national, regional and local real estate developers that possess fine brand recognition and reputation in the cities where we and our subsidiaries have operation or intend to enter. We compete with those developers mainly over brand recognition, financial resources, sizes and locations of land reserves, pricing, etc. See "Business – Competition."

RECENT DEVELOPMENTS

Our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business models and the general economic and regulatory environment in which we operate.

During the period from April 30, 2018 and up to the Latest Practicable Date, we had secured 16 projects, out of which ten land parcels were secured through public tender, auction or listing-for-sale process with a total site area of 351,359 sq.m. at an aggregate consideration of approximately RMB2,457.2 million. Such ten land parcels are located in ten cities including Huzhou, Zhenjiang, Yancheng, Xuzhou, Wuhu, Ningbo, Jiaxing, Chengdu, Chongqing and Qingyuan. For the remaining six projects, we have acquired or entered into agreements to acquire equity interests in companies that possess or have the rights to possess land use rights for these projects. Such six projects have a total site area of 221,769 sq.m. and we intend to develop these projects together with other independent third parties. See "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies."

On August 24, 2018, we entered into a financing arrangement with Hangzhou Industrial Commercial Trust Co., Ltd. (杭州工商信託股份有限公司) for the development of Xuzhou Dafa Bliss Oriental with a total principal amount of RMB300.0 million, at an annual interest rate of 12.0% with a maturity of 12 or 18 months from the first drawdown date depending on the time of the second drawdown.

On 29 August 2018, we entered into a loan agreement with Bank of Shanghai Co., Ltd. ("**Shanghai Bank**") with a total principal amount of RMB300 million, a term of one year and an annual interest rate of 17.0% for our property development. We entered into another loan agreement with Shanghai Bank on September 25, 2018 with a total principal amount of RMB250 million, a term of two years and an annual interest rate of 16.0% for our property development.

After due and careful consideration, our Directors confirm that, save as disclosed, up to the date of this prospectus, there has been no material adverse change in our financial and trading position or prospects since April 30, 2018, and there is no event since April 30, 2018 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I to this prospectus.

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB20.9 million, of which RMB15.7 million was charged to our consolidated statements of profit or loss and RMB5.2 million was charged to our consolidated statements of financial position. In particular, RMB3.3 million and RMB12.4 million was charged to our consolidated statements of profit or loss for the year ended December 31, 2017 and the four months ended April 30, 2018, respectively. We currently expect to incur further expenses amounting to RMB66.5 million subsequent to the end of the Track Record Period, of which RMB31.7 million will be charged to our consolidated statements of profit or loss and RMB34.8 million will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2018.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to the owners of our Company as of April 30, 2018 as if it had taken place on April 30, 2018.

The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of April 30, 2018 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of our Company as of April 30, 2018 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible assets attributable to owners of the Company as of April 30, 2018	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Adjusted consolidated net tangible assets attributable to owners of the Company per Share**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$3.28 per Offer Share . .	1,884,744	512,795	2,397,539	3.00	3.43
Based on an Offer Price of HK$4.98 per Offer Share . .	1,884,744	798,046	2,682,790	3.35	3.83

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of April 30, 2018 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of April 30, 2018 of approximately RMB1,886.5 million after deducting intangible assets of RMB1.7 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.28 per Offer Share or HK$4.98 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.8740.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 800,000,000 Shares in issue immediately following the Capitalisation Issue and the Global Offering but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.8740.

In this prospectus, unless the context otherwise requires, the following expressions shall have the following meanings.

"Anqing Kairun Property Development"	Anqing Kairun Property Development Co., Ltd. (安慶市凱潤房地產開發有限公司), a limited liability company established in the PRC on March 21, 2008 and an indirect wholly-owned subsidiary of our Company
"Anqing Yinyi Real Estate"	Anqing Yinyi Real Estate Co., Ltd. (安慶市垠壹置業有限公司), a limited liability company established in the PRC on August 8, 2017 and a non-wholly owned subsidiary of our Company, which is owned as to 58.81%, 21.01% and 20.18% by YinYi Holdings, Shanghai Dafa and Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司), an Independent Third Party, respectively
"Application Form(s)"	**WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s), or where the context so requires, any of them, relating to the Hong Kong Public Offering
"Articles of Association" or "Articles"	the amended and restated articles of association of our Company conditionally adopted on September 10, 2018 which will take effect on the Listing Date, as amended, supplemented or otherwise modified from time to time
"associate"	has the meaning ascribed thereto under the Listing Rules
"ASP"	average selling price
"average occupancy rate"	the ratio of rented areas multiplied by the number of months rented, divided by the product of the total rentable area multiplied by 12
"Board"	the board of Directors
"building ownership certificate"	building ownership certificate issued by relevant PRC government authorities with respect to the ownership rights of buildings (房屋所有權證)
"Business Day" or "business day"	a day which is not a Saturday, a Sunday or a public holiday in Hong Kong and on which banks in Hong Kong are generally open for business
"BVI"	British Virgin Islands
"CAGR"	compound annual growth rate

"Capitalization Issue"	the allotment and issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of the Company upon completion of the Global Offering, as further described in the section headed "Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on September 10, 2018" in Appendix V to this prospectus
"Cayman Companies Law"	the Companies Law (2018 Revision) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
"CBIRC"	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會), a regulatory authority formed via the merger of the CBRC and CIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018, and, if the context requires, includes its predecessors, namely the CBRC and CIRC
"CBRC"	China Banking Regulatory Commission (中國銀行業監督管理委員會), which was recently merged with the CIRC and formed the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No.6) issued by the State Council on March 24, 2018
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant

"Changxing Yinyi Real Estate"	Changxing Yinyi Real Estate Co., Ltd. (長興垠壹置業有限公司), a limited liability company established in the PRC on May 18, 2018 and a non-wholly owned subsidiary of our Company, which is owned as to 55%, 40% and 5% by Wenzhou Yinyi Real Estate, Deguang Group Co., Ltd. (德光集團有限公司) and Changxing Construction Property Development Co., Ltd. (長興建設房屋開發有限公司), both of whom are Independent Third Parties, respectively
"Chengdu Hanchen Real Estate"	Chengdu Hanchen Real Estate Co., Ltd. (成都瀚辰置業有限公司), a limited liability company established in the PRC on August 20, 2018 and an indirect wholly-owned subsidiary of our Company
"Chengdu Hanze Real Estate"	Chengdu Hanze Real Estate Co., Ltd. (成都瀚澤置業有限公司), a limited liability company established in the PRC on August 20, 2018 and an indirect wholly-owned subsidiary of our Company
"Chongqing Rongque Real Estate"	Chongqing Rongque Real Estate Co., Ltd. (重慶融闕置業有限公司), a limited liability company established in the PRC on September 17, 2018 and an indirect wholly-owned subsidiary of our Company
"CIRC"	China Insurance Regulatory Commission (中國保險監督管理委員會), which was recently merged with the CBRC and formed the CBIRC according to the Notice of the State Council regarding the Establishment of Organizations (國務院關於機構設置的通知) (Guo Fa [2018] No. 6) issued by the State Council on March 24, 2018
"Co-Lead Manager"	Pacific Foundation Securities Limited
"commodity residential properties"	residential properties developed by a property developer for sale
"Companies Ordinance"	the Companies Ordinance, Chapter 622 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Chapter 32 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Company" or "our Company," "we" or "us"	DaFa Properties Group Limited (大发地产集团有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on December 18, 2017

"completion certificate"	construction works completion inspection acceptance certificate/record issued by local urban construction bureau or competent authorities in the PRC with respect to completion of property projects (建築工程竣工驗收備案表)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)"	has the meaning ascribed thereto under the Listing Rules
"construction land planning permit"	construction land planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設用地規劃許可證)
"construction work commencement permit"	construction work commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
"construction work planning permit"	construction work planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設工程規劃許可證)
"Controlling Shareholders"	has the meaning ascribed thereto under the Listing Rules and, in the context of this prospectus, means Mr. Ge Hekai (葛和凱), Mr. Ge Yiyang (葛一暘), Mr. Ge Heming (葛和鳴), Ms. Jin Linyin (金林蔭), Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong
"CSRC"	the China Securities Regulatory Commission (中國證券監督管理委員會)
"DaFa Blooms"	DaFa Blooms Limited, a company incorporated under the laws of the BVI with limited liability on December 20, 2017 and a direct wholly-owned subsidiary of our Company
"Dafa Group"	Dafa Group Co., Ltd. (大發集團有限公司), a limited liability company established in the PRC on June 17, 1996 and is owned by Mr. Ge Hekai, Mr. Ge Yiyang and Shanghai Hehong as to 60%, 20% and 20%, respectively
"Deed of Indemnity"	a deed of indemnity dated September 10, 2018 entered into by our Controlling Shareholders in favor of our Company (for itself and as trustee for the benefit of each of our subsidiaries from time to time) as further detailed in the section headed "Statutory and General Information – D. Other Information – 3. Tax and other Indemnity" in Appendix V to this prospectus

"Deed of Non-Competition"	a deed of non-competition undertakings dated September 10, 2018 entered into in favor of our Company (for itself and as trustee for the benefit of each of our subsidiaries from time to time) by Mr. Ge Hekai (葛和凱), Mr. Ge Yiyang (葛一暘), Mr. Ge Heming (葛和鳴), Ms. Jin Linyin (金林蔭), Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong, particulars of which are summarized in "Relationship with Controlling Shareholders-Non-competition Undertakings" in this prospectus
"Director(s)"	director(s) of our Company
"Gansu Dafa Property Development"	Gansu Dafa Property Development Co., Ltd. (甘肅大發房地產開發有限公司), a limited liability company established in the PRC on June 5, 2018 and an indirect wholly-owned subsidiary of our Company
"GDP"	gross domestic product
"GFA"	gross floor area
"Global Offering"	the Hong Kong Public Offering and the International Offering
"Glorious Villa"	Glorious Villa Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on December 12, 2017, a Controlling Shareholder and is directly wholly-owned by Mr. Ge Yiyang, one of our Ultimate Controlling Shareholders
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited
"Group" or "our Group" or "we" or "us"	our Company and its subsidiaries at the relevant time or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or its predecessor (as the case may be)
"He Hong"	He Hong Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on December 12, 2017, and is indirectly owned as to 73%, 21%, 5% and 1% by Mr. Ge Hekai, Mr. Ge Yiyang, Ms. Jin Linyin and Mr. Ge Heming, respectively

"Hefei Jiufa Property Development"	Hefei Jiufa Property Development Co., Ltd. (合肥久發房地產開發有限公司), a limited liability company established in the PRC on June 28, 2018 and an indirect wholly-owned subsidiary of our Company
"Hefei Kairun Property Development"	Hefei Kairun Property Development Co., Ltd. (合肥凱潤房地產開發有限公司), a limited liability company established in the PRC on May 28, 2018 and an indirect wholly-owned subsidiary of our Company
"Hefei Rongque Property Development"	Hefei Rongque Property Development Co., Ltd. (合肥融闕房地產開發有限公司), a limited liability company established in the PRC on June 28, 2018 and an indirect wholly-owned subsidiary of our Company
"Hefei Yuque Property Development"	Hefei Yuque Property Development Co., Ltd. (合肥煜闕房地產開發有限公司), a limited liability company established in the PRC on June 27, 2018 and an indirect wholly-owned subsidiary of our Company
"HKD" or "HK$" or "HK dollar(s)"	Hong Kong dollars, the lawful currency of Hong Kong
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Offer Shares"	the 20,000,000 Shares being initially offered by our Company at the Offer Price pursuant to the Hong Kong Public Offering
"Hong Kong Public Offering"	the offer for subscription of the Hong Kong Offer Shares to the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027%, and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in the section headed "Structure of the Global Offering – The Hong Kong Public Offering" in this prospectus
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited

"Hong Kong Underwriters"	the underwriters listed in the section headed "Underwriting – Hong Kong Underwriters" in this prospectus, being the underwriters of the Hong Kong Public Offering
"Hong Kong Underwriting Agreement"	the underwriting agreement dated Thursday, September 27, 2018 relating to the Hong Kong Public Offering and entered into by, among others, the Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters and us
"Huzhou Yinwang Real Estate"	Huzhou Yinwang Real Estate Co., Ltd. (湖州市垠望置業有限公司), a limited liability company established in the PRC on July 26, 2018 and an indirect wholly-owned subsidiary of our Company
"Huzhou Yinze Real Estate"	Huzhou Yinze Real Estate Co., Ltd. (湖州市垠澤置業有限公司), a limited liability company established in the PRC on July 26, 2018 and an indirect wholly-owned subsidiary of our Company
"IFRS"	International Financial Reporting Standards
"Independent Third Party(ies)"	a party or parties that is or are independent of and not connected with (within the meaning of the Listing Rules) any Directors, chief executive, substantial shareholders of our Company, our subsidiaries or any of their respective associates
"International Offer Shares"	the 180,000,000 Shares initially being offered by our Company for subscription under the International Offering together, where relevant, with any additional Shares that may be issued pursuant to any exercise of the Over-allotment Option
"International Offering"	the conditional offering of the International Offer Shares by the International Underwriters with professional, institutional and individual investors at the Offer Price, as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the group of underwriters led by the Sole Global Coordinator, which is expected to enter into the International Underwriting Agreement to underwrite the International Offering

"International Underwriting Agreement"	the international underwriting agreement relating to the International Offering to be entered into on or about Thursday, October 4, 2018 by, among others, the Controlling Shareholders, the Sole Global Coordinator and the International Underwriters and us
"Jiaxing Kaize Real Estate"	Jiaxing Kaize Real Estate Co., Ltd. (嘉興市凱澤置業有限公司), a limited liability company established in the PRC on August 9, 2018 and an indirect wholly-owned subsidiary of our Company
"JLL" or "Property Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
"Joint Bookrunner"	CCB International Capital Limited, CMB International Capital Limited, First Capital Securities Limited and Yuanyin Securities Limited
"Joint Lead Managers"	CCB International Capital Limited, CMB International Capital Limited, First Capital Securities Limited, Yuanyin Securities Limited, SSIF Securities Limited and Head & Shoulders Securities Limited
"Jurong Xuanyin Real Estate"	Jurong Xuanyin Real Estate Co., Ltd. (句容泫垠置業有限公司), a limited liability company established in the PRC on June 13, 2018 and an indirect wholly-owned subsidiary of our Company
"land grant contract"	a land use rights grant contract (土地使用權出讓合同)
"land use rights certificate"	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land
"LAT"	Land Appreciation Tax (土地增值稅) as defined in《中華人民共和國土地增值稅暫行條例》(the Provisional Regulations of the PRC on Land Appreciation Tax*) and its implementation rules, as described in the section headed "Regulatory Overview" in this prospectus
"Latest Practicable Date"	September 19, 2018, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	listing of the Shares on the Main Board
"Listing Committee"	the listing committee of the Stock Exchange

"Listing Date"	the date, expected to be on or about Thursday, October 11, 2018, on which our Shares are listed and from which dealings therein are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
"Main Board"	the stock exchange (excluding the options market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company adopted on September 10, 2018 with immediate effect, as amended, supplemented or otherwise modified from time to time
"MOF"	the Ministry of Finance of the PRC (中華人民共和國財政部)
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部)
"Nanjing Geyang Real Estate"	Nanjing Geyang Real Estate Co., Ltd. (南京歌暘置業有限公司), a limited liability company established in the PRC on June 15, 2017 and an indirect wholly-owned subsidiary of our Company
"Nanjing Kaihong Real Estate"	Nanjing Kaihong Real Estate Development Co., Ltd. (南京凱鴻房地產開發有限公司), a limited liability company established in the PRC on June 26, 2007 and an indirect wholly-owned subsidiary of our Company
"Nanjing Kairun Real Estate"	Nanjing Kairun Real Estate Development Co., Ltd. (南京凱潤房地產開發有限公司), a limited liability company established in the PRC on August 21, 2003 and an indirect wholly-owned subsidiary of our Company
"Nanjing Kaixuan Real Estate"	Nanjing Kaixuan Real Estate Co., Ltd. (南京凱泫置業有限公司), a limited liability company established in the PRC on January 13, 2015 and an indirect wholly-owned subsidiary of our Company
"Nanjing Kaize Investment"	Nanjing Kaize Investment Co., Ltd. (南京凱澤投資有限公司), a limited liability company established in the PRC on August 20, 2015 and an indirect wholly-owned subsidiary of our Company

"Nanjing Kaizhou Real Estate"	Nanjing Kaizhou Real Estate Co., Ltd. (南京凱洲置業有限公司), a limited liability company established in the PRC on July 1, 2009 and an indirect wholly-owned subsidiary of our Company
"Nanjing Qicheng Real Estate"	Nanjing Qicheng Real Estate Co., Ltd. (南京齊城置業有限公司), a limited liability company established in the PRC on April 19, 2018 and an indirect wholly-owned subsidiary of our Company
"Nanjing Qike Real Estate"	Nanjing Qike Real Estate Co., Ltd. (南京齊坷置業有限公司), a limited liability company established in the PRC on May 2, 2018 and an indirect wholly-owned subsidiary of our Company
"Nanjing Qiyin Real Estate"	Nanjing Qiyin Real Estate Co., Ltd. (南京齊垠置業有限公司), a limited liability company established in the PRC on June 15, 2017 and an indirect wholly-owned subsidiary of our Company
"Nanjing Wisdom Warden"	Nanjing Wisdom Warden Investment Co., Ltd. (南京緯思武德投資實業有限公司), a limited liability company established in the PRC on April 16, 2010 and owned as to 70% by Shanghai Qihuai Industry Development Co., Ltd. (上海琦淮實業發展有限公司) and 30% by Shanghai Kaiwei Disen Investment Development Co., Ltd. (上海凱潍迪森投資發展有限公司), both of whom are Independent Third Parties
"Nanjing Xuanyin Real Estate"	Nanjing Xuanyin Real Estate Co., Ltd. (南京泫垠置業有限公司), a limited liability company established in the PRC on June 15, 2017 and an indirect wholly-owned subsidiary of our Company
"Nanjing Yinke Real Estate"	Nanjing Yinke Real Estate Co., Ltd. (南京垠坷置業有限公司), a limited liability company established in the PRC on May 2, 2018 and an indirect wholly-owned subsidiary of our Company
"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"Ningbo Kaihe Real Estate"	Ningbo Kaihe Real Estate Co., Ltd. (寧波凱合置業有限公司), a limited liability company established in the PRC on May 24, 2018 and an indirect wholly-owned subsidiary of our Company

"Ningbo Kaili Real Estate"	Ningbo Kaili Real Estate Co., Ltd. (寧波凱立置業有限公司), a limited liability company established in the PRC on June 28, 2018 and an indirect wholly-owned subsidiary of our Company
"Ningbo Kairen Real Estate"	Ningbo Kairen Real Estate Co., Ltd. (寧波凱仁置業有限公司), a limited liability company established in the PRC on May 24, 2018 and an indirect wholly-owned subsidiary of our Company
"Ningbo Kaiyang Real Estate"	Ningbo Kaiyang Real Estate Co., Ltd. (寧波凱暘置業有限公司), a limited liability company established in the PRC on November 16, 2016 and an indirect wholly-owned subsidiary of our Company
"Ningbo Kaiyuan Real Estate"	Ningbo Kaiyuan Real Estate Co., Ltd. (寧波凱元置業有限公司), a limited liability company established in the PRC on June 27, 2018 and an indirect wholly-owned subsidiary of our Company
"Ningbo Kaize Real Estate"	Ningbo Kaize Real Estate Co., Ltd. (寧波凱澤置業有限公司), a limited liability company established in the PRC on June 28, 2018 and an indirect wholly-owned subsidiary of our Company
"Ningbo Yuyao Kairun Real Estate"	Ningbo Yuyao Kairun Real Estate Co., Ltd. (寧波餘姚市凱潤置業有限公司), a limited liability company established in the PRC on July 23, 2018 and an indirect wholly-owned subsidiary of our Company
"Ningxia Dafa Property Development"	Ningxia Dafa Property Development Co., Ltd. (寧夏大發房地產開發有限公司), a limited liability company established in the PRC on May 23, 2018 and an indirect wholly-owned subsidiary of our Company
"occupancy rate"	refers to the ratio of leased GFA to rentable GFA held for property investment of a property development project on a given date
"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) at which the Shares are to be issued pursuant to the Global Offering, to be determined as described in the section headed "Structure of the Global Offering – Pricing and Allocation" in this prospectus
"Offer Share(s)"	the Hong Kong Offer Shares and the International Offer Shares together, where relevant, with any additional Shares allotted and issued pursuant to the exercise of the Over-allotment Option

"Over-allotment Option"	the option expected to be granted by us to the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to the International Underwriting Agreement, to require us to allot and issue up to an aggregate of 30,000,000 additional Shares at the Offer Price solely to cover over-allocation in the International Offering, if any, exercisable at any time from the date of the International Underwriting Agreement until the 30th day from the last day for the lodging of applications under the Hong Kong Public Offering
"P2P lending"	the direct lending made among individuals through the Internet platform. Individuals include natural persons, legal persons, and other organizations
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Pizhou Yinyi Real Estate"	Pizhou Yinyi Real Estate Co., Ltd. (邳州垠壹置業有限公司), a limited liability company established in the PRC on May 4, 2018 and an indirect wholly-owned subsidiary of our Company
"PRC", "China" or the "People's Republic of China"	the People's Republic of China, which for the purposes of this prospectus only excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan, unless otherwise specified
"PRC Advertising Law"	《中華人民共和國廣告法》(the PRC Advertising Law) which was promulgated by the SCNPC on April 24, 2015 and became effective on September 1, 2015, as amended, supplemented or otherwise modified from time to time
"PRC Company Law"	《中華人民共和國公司法》(the PRC Company Law) which was promulgated by the SCNPC on December 28, 2013 and became effective on March 1, 2014, as amended, supplemented or otherwise modified from time to time
"PRC Enterprise Income Tax Law" or "EIT Law"	《中華人民共和國企業所得稅法》(the PRC Enterprise Income Tax Law*) which was promulgated by the SCNPC on February 24, 2017 and became effective on February 24, 2017, as amended, supplemented or otherwise modified from time to time
"PRC GAAP"	the generally accepted accounting principles in the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (such as provincial, municipal and other regional or local government entities)

"PRC Labor Contract Law"	《中華人民共和國勞動合同法》(the PRC Labor Contract Law*) which was promulgated by the SCNPC on December 28, 2012 and became effective on July 1, 2013, as amended, supplemented or otherwise modified from time to time
"PRC Legal Adviser"	Jingtian & Gongcheng (競天公誠律師事務所), our legal adviser as to PRC law
"PRC Pricing Law"	《中華人民共和國價格法》(the PRC Company Law*) which was promulgated by the SCNPC on December 29, 1997 and became effective on May 1, 1998, as amended, supplemented or otherwise modified from time to time
"pre-sale permit"	a pre-sale permit authorizing a developer to start the pre-sale of a property under construction (商品房預售許可證)
"Price Determination Agreement"	the agreement to be entered into between us and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and determine the Offer Price
"Price Determination Date"	on or about Thursday, October 4, 2018 (Hong Kong time), when the Offer Price is determined, or such later time as our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) may agree, but in any event not later than Tuesday, October 9, 2018
"Principal Share Registrar"	Walkers Corporate Limited
"Qionglai Hanyan Property Development"	Qionglai Hanyan Property Development Co., Ltd. (邛崍市瀚顏房地產開發有限公司), a limited liability company established in the PRC on August 14, 2018 and an indirect wholly-owned subsidiary of our Company
"Regulation S"	Regulation S under the U.S. Securities Act
"Renminbi" or "RMB"	Renminbi, the lawful currency of the PRC
"Reorganization"	the reorganization arrangements undergone by our Group in preparation for the Listing, details of which are set out in the section headed "Our History and Reorganization" in this prospectus
"SAFE"	the State Administration of Foreign Exchange of the PRC (中華人民共和國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中華人民共和國國家工商行政管理總局)

"Saleable GFA"	GFA of a property which we intend to sell and which does not exceed the multiple of the site area and the maximum permissible plot ratio as specified in the relevant land grant contracts or other approval documents from governmental authorities relating to the project
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SCNPC"	the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong, as amended, supplemented or otherwise modified from time to time
"Shaanxi Kaihan Property"	Shaanxi Kaihan Property Development Co., Ltd. (陝西凱瀚房地產開發有限公司), a limited liability company established in the PRC on September 6, 2018 and an indirect wholly-owned subsidiary of our Company
"Shaanxi Kaiwang Property"	Shaanxi Kaiwang Property Development Co., Ltd. (陝西凱望房地產開發有限公司), a limited liability company established in the PRC on September 6, 2018 and an indirect wholly-owned subsidiary of our Company
"Shaanxi Kairun Property Development"	Shaanxi Kairun Property Development Co., Ltd. (陝西凱潤房地產開發有限公司), a limited liability company established in the PRC on June 26, 2018 and an indirect wholly-owned subsidiary of our Company
"Shade (BVI)"	Shade (BVI) Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on December 12, 2017, a Controlling Shareholder and is directly wholly-owned by Ms. Jin Linyin, one of our Ultimate Controlling Shareholders
"Shanghai Benhan Industry"	Shanghai Benhan Industry Development Co., Ltd. (上海本瀚實業發展有限公司), a limited liability company established in the PRC on August 27, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Dafa"	Shanghai Dafa Land Group Co., Ltd. (上海大發房地產集團有限公司) (formerly known as Shanghai Kairun Real Estate Co., Ltd. (上海凱潤房地產有限公司)), a limited liability company established in the PRC on September 24, 2001 and an indirect wholly-owned subsidiary of our Company

"Shanghai Fada"	Shanghai Fada Information Technology Co., Ltd. (上海發大信息科技有限公司), a limited liability company established in the PRC on August 16, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Guiyang Industry"	Shanghai Guiyang Industry Limited Partnership (上海貴暘實業發展合夥企業(有限合夥)), a limited liability partnership formed in the PRC on October 10, 2017, whose general partner is Shanghai Yinyi Investment
"Shanghai Guiyin Industry"	Shanghai Guiyin Industry Co., Ltd. (上海貴垠實業發展有限公司), a limited liability company established in the PRC on November 1, 2016 and a non-wholly owned subsidiary of our Company, which is owned as to 90% by Shanghai Dafa and as to 10% by Shanghai Guiyang Industry
"Shanghai Hanben Industry"	Shanghai Hanben Industry Co., Ltd. (上海瀚本實業發展有限公司), a limited liability company established in the PRC on May 22, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hancong Industry"	Shanghai Hancong Industry Co., Ltd. (上海瀚從實業發展有限公司), a limited liability company established in the PRC on May 12, 2017 and owned as to 80%, 10% and 10% by Jiaxing Yuerui Enterprise Management Limited Partnership (嘉興悅瑞企業管理合夥企業(有限合夥)), Jiaxing Jinyang Industry Co., Ltd. (嘉興金揚實業有限公司) and Shanghai Dafa, respectively, and both of Jiaxing Yuerui Enterprise Management Limited Partnership and Jiaxing Jinyang Industry Co., Ltd. are Independent Third Parties
"Shanghai Hanfang Industry"	Shanghai Hanfang Industry Development Co., Ltd. (上海瀚房實業發展有限公司), a limited liability company established in the PRC on May 29, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hanqi Industry"	Shanghai Hanqi Industry Co., Ltd. (上海瀚檯實業發展有限公司), a limited liability company established in the PRC on April 19, 2017 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hanque Industry"	Shanghai Hanque Industry Co., Ltd. (上海瀚闕實業發展有限公司), a limited liability company established in the PRC on September 10, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hanxuan Industry"	Shanghai Hanxuan Industry Co., Ltd. (上海瀚泫實業發展有限公司), a limited liability company established in the PRC on May 12, 2017 and an indirect wholly-owned subsidiary of our Company

"Shanghai Hanyan Industry"	Shanghai Hanyan Industry Co., Ltd. (上海瀚顏實業發展有限公司), a limited liability company established in the PRC on May 16, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hanyou Industry"	Shanghai Hanyou Industry Development Co., Ltd. (上海瀚由實業發展有限公司), a limited liability company established in the PRC on June 29, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Hehong"	Shanghai Hehong Investment Management Co., Ltd. (上海和鴻投資管理有限公司), a limited liability company established in the PRC on October 15, 2009 and is owned by Mr. Ge Hekai, Mr. Ge Yiyang, Ms. Jin Linyin and Mr. Ge Heming as to 73%, 21%, 5% and 1%, respectively
"Shanghai Kaiyang Industry"	Shanghai Kaiyang Industry Co., Ltd. (上海凱暘實業發展有限公司) (formerly known as Shanghai Kaiyang Investment Co., Ltd. (上海凱暘投資有限公司)), a limited liability company established in the PRC on September 7, 2015 and an indirect wholly-owned subsidiary of our Company
"Shanghai Kaiyang Real Estate"	Shanghai Kaiyang Real Estate Co., Ltd. (上海凱暘置業有限公司), a limited liability company established in the PRC on December 11, 2015 and an indirect wholly-owned subsidiary of our Company
"Shanghai Kaiyuan Trade"	Shanghai Kaiyuan Trade Co., Ltd. (上海凱沅貿易有限公司) (formerly known as Shanghai Kaiyuan Investment Co., Ltd. (上海凱沅投資有限公司)), a limited liability company established in the PRC on February 16, 2015 and a non-wholly owned subsidiary of our Company, which is owned as to 95.534% by Shanghai Dafa and as to 4.466% by Shanghai Yinjia Industry
"Shanghai Qijie"	Shanghai Qijie Industry Co., Ltd. (上海企界實業發展有限公司), a limited liability company established in the PRC on February 5, 2016 and owned as to 66.6% by Shenzhen Qianhai Yinyi Asset Management Company Limited (深圳前海垠壹資產管理有限公司), 16.65% by Shanghai Qihuai Industry Development Co., Ltd. (上海琦淮實業發展有限公司), 10% by Ms. Meng Qinghong (孟慶紅), 4.5% by Shanghai Yongbai Liantou Investment Management Co., Ltd. (上海永柏聯投投資管理有限公司), 1.35% by Mr. Ren Zhengji (任正基) and 0.9% by Shanghai Jianjiao Hudong Culture Media Co., Ltd. (上海尖叫互動文化傳媒有限公司), all of whom are Independent Third Parties

"Shanghai Rongque Industry"	Shanghai Rongque Industry Co., Ltd. (上海融闕實業發展有限公司), a limited liability company established in the PRC on March 17, 2017 and an indirect wholly-owned subsidiary of our Company
"Shanghai Wangyin Industry"	Shanghai Wangyin Industry Co., Ltd. (上海望垠實業發展有限公司), a limited liability company established in the PRC on July 6, 2016 and a non-wholly owned subsidiary of our Company, which is owned as to 93.21% by Shanghai Dafa and as to 6.79% by Shanghai Xiyin Industry
"Shanghai Win Investment Development"	Shanghai Win Investment and Development Co., Ltd. (上海垠壹投資發展有限公司), a limited liability company established in the PRC on August 20, 2013 and owned by Mr. Ge Yiyang as to 95% and Ms. Jin Linyin as to 5%
"Shanghai Xiyin Industry"	Shanghai Xiyin Industry Limited Partnership (上海夕垠實業發展合夥企業(有限合夥)), a limited liability partnership formed in the PRC on May 15, 2017, whose general partner is Shanghai Yinyi Investment
"Shanghai Yinjia Industry"	Shanghai Yinjia Industry Limited Partnership (上海垠迦實業發展合夥企業(有限合夥)), a limited liability partnership formed in the PRC on June 1, 2016, whose general partner is Shanghai Yinyi Investment
"Shanghai Yinjue Real Estate"	Shanghai Yinjue Real Estate Co., Ltd. (上海垠珏置業有限公司), a limited liability company established in the PRC on July 25, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Yinwang Real Estate"	Shanghai Yinwang Real Estate Co., Ltd. (上海垠望置業有限公司), a limited liability company established in the PRC on July 3, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Yinyi Information Technology"	Shanghai Yinyi Information Technology Limited Partnership (上海垠毅信息科技合夥企業(有限合夥)), a limited liability partnership formed in the PRC on October 9, 2015, whose general partner is Shanghai Yinyi Investment
"Shanghai Yinyi Investment"	Shanghai Yinyi Investment Co., Ltd. (上海垠毅投資有限公司), a limited liability company established in the PRC on September 7, 2015 and an indirect wholly-owned subsidiary of our Company
"Shanghai Yinyi Real Estate"	Shanghai Yinyi Real Estate Co., Ltd. (上海垠壹置業有限公司), a limited liability company established in the PRC on October 10, 2014 and an indirect wholly-owned subsidiary of our Company

"Shanghai Yinze Real Estate"	Shanghai Yinze Real Estate Co., Ltd. (上海垠澤置業有限公司), a limited liability company established in the PRC on June 14, 2018 and an indirect wholly-owned subsidiary of our Company
"Shanghai Yuque Industry"	Shanghai Yuque Industry Co., Ltd. (上海煜闕實業發展有限公司), a limited liability company established in the PRC on April 19, 2017 and an indirect wholly-owned subsidiary of our Company
"Share(s)"	ordinary shares in the capital of our Company with a nominal value of HK$0.001 each
"Share Option Scheme"	the share option scheme conditionally adopted by our Shareholders on September 10, 2018, principal terms of which are summarized in the section headed "Statutory and General Information – D. Other Information – 1. Share Option Scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of Share(s)
"Shenzhen Hancong Industry Development"	Shenzhen Hancong Industry Development Co., Ltd. (深圳市瀚從實業發展有限公司), a limited liability company established in the PRC on August 1, 2018 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Hanqi Industry Development"	Shenzhen Hanqi Industry Development Co., Ltd. (深圳瀚榿實業發展有限公司), a limited liability company established in the PRC on July 3, 2018 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Rongque Industry Development"	Shenzhen Rongque Industry Development Co., Ltd. (深圳融闕實業發展有限公司), a limited liability company established in the PRC on August 2, 2018 and an indirect wholly-owned subsidiary of our Company
"Shenzhen Yuque Industry Development"	Shenzhen Yuque Industry Development Co., Ltd. (深圳煜闕實業發展有限公司), a limited liability company established in the PRC on August 1, 2018 and an indirect wholly-owned subsidiary of our Company
"Sheyang Yuque Real Estate"	Sheyang Yuque Real Estate Co., Ltd. (射陽煜闕置業有限公司), a limited liability company established in the PRC on June 14, 2018 and an indirect wholly-owned subsidiary of our Company
"Sole Sponsor" or "Sole Global Coordinator" or "CCBI"	CCB International Capital Limited

"Splendid Sun"	Splendid Sun Limited, a company incorporated under the laws of the British Virgin Islands with limited liability on December 12, 2017, a Controlling Shareholder and is directly wholly-owned by Mr. Ge Hekai, one of our Ultimate Controlling Shareholders
"sq.m."	square meter
"Stabilizing Manager"	CCB International Capital Limited
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into on or about the Price Determination Date between He Hong and the Sole Global Coordinator
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers, as amended, supplemented or otherwise modified from time to time
"Track Record Period"	the period comprising the three financial years of our Company ended December 31, 2017 and the four months ended April 30, 2018, respectively; and the phrase "during the Track Record Period", followed by a series of figures or percentages, refers to information relating to the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time
"Ultimate Controlling Shareholders"	Mr. Ge Hekai, Mr. Ge Yiyang's father, Ms. Jin Linyin, Mr. Ge Yiyang's mother, Mr. Ge Heming, Mr. Ge Yiyang's uncle and Mr. Ge Yiyang
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement

"USD" or "US$" or "U.S. dollar(s)"	United States dollars, the lawful currency of the United States
"Wenzhou Guiyin Real Estate"	Wenzhou Guiyin Real Estate Co., Ltd. (溫州市貴垠置業有限公司), a limited liability company established in the PRC on February 28, 2017 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Hehong Real Estate"	Wenzhou Hehong Real Estate Co., Ltd. (溫州市和鴻置業有限公司), a limited liability company established in the PRC on June 4, 2018 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Kairun Real Estate"	Wenzhou Kairun Real Estate Co., Ltd. (溫州市凱潤置業有限公司), a limited liability company established in the PRC on November 13, 2013 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Kaixuan Real Estate"	Wenzhou Kaixuan Real Estate Co., Ltd. (溫州市凱泫置業有限公司), a limited liability company established in the PRC on August 23, 2018 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Kaiyang"	Wenzhou Kaiyang Corporate Management Co., Ltd. (溫州凱暘企業管理有限公司), a limited liability company established in the PRC on March 14, 2018 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Kaize Real Estate"	Wenzhou Kaize Real Estate Co., Ltd. (溫州市凱澤置業有限公司), a limited liability company established in the PRC on March 29, 2017 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Xuanyin Real Estate"	Wenzhou Xuanyin Real Estate Co., Ltd. (溫州市泫垠置業有限公司), a limited liability company established in the PRC on June 4, 2018 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Yinyi Real Estate"	Wenzhou Yinyi Real Estate Co., Ltd. (溫州市垠壹置業有限公司), a limited liability company established in the PRC on June 19, 2015 and an indirect wholly-owned subsidiary of our Company
"Wenzhou Yinze Real Estate"	Wenzhou Yinze Real Estate Co., Ltd. (溫州市垠澤置業有限公司), a limited liability company established in the PRC on August 23, 2018 and an indirect wholly-owned subsidiary of our Company

"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own names
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting application online through the designated website at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Wuhu Geyang Real Estate"	Wuhu Geyang Real Estate Co., Ltd. (蕪湖歌暘置業有限公司), a limited liability company established in the PRC on April 16, 2018 and an indirect wholly-owned subsidiary of our Company
"Wuhu Qiyin Real Estate"	Wuhu Qiyin Real Estate Co., Ltd. (蕪湖齊垠置業有限公司), a limited liability company established in the PRC on April 16, 2018 and an indirect wholly-owned subsidiary of our Company
"Wuhu Xuanyang Real Estate"	Wuhu Xuanyang Real Estate Co., Ltd. (蕪湖泫暘置業有限公司), a limited liability company established in the PRC on May 24, 2018 and an indirect wholly-owned subsidiary of our Company
"Wuhu Xuanyin Real Estate"	Wuhu Xuanyin Real Estate Co., Ltd. (蕪湖泫垠置業有限公司), a limited liability company established in the PRC on April 16, 2018 and an indirect wholly-owned subsidiary of our Company
"Wuhu Yinyi Real Estate"	Wuhu Yinyi Real Estate Co., Ltd. (蕪湖垠壹置業有限公司), a limited liability company established in the PRC on November 13, 2017 and an indirect wholly-owned subsidiary of our Company
"Xuzhou Hankai Real Estate"	Xuzhou Hankai Real Estate Co., Ltd. (徐州市瀚愷置業有限公司), a limited liability company established in the PRC on September 13, 2018 and an indirect wholly-owned subsidiary of our Company

"Yangtze River Delta Region"	economic region covers Shanghai, Anhui Province, Jiangsu Province and Zhejiang Province of the PRC, for the purpose of this prospectus
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
"Yingde Yuque Real Estate"	Yingde Yuque Real Estate Co., Ltd. (英德市煜闕置業有限公司), a limited liability company established in the PRC on August 24, 2018 and an indirect wholly-owned subsidiary of our Company
"YinYi Holdings"	YinYi Holdings (Hong Kong) Limited (垠壹香港有限公司), a company incorporated under the laws of Hong Kong with limited liability on January 17, 2018 and an indirect wholly-owned subsidiary of our Company
"Zhoushan Kaizhou Real Estate"	Zhoushan Kaizhou Real Estate Co., Ltd. (舟山凱舟置業有限公司), a limited liability company established in the PRC on June 23, 2017 and an indirect wholly-owned subsidiary of our Company

The English names of the PRC entities, names of our property development projects, PRC laws or regulations or the PRC governmental authorities mentioned in this prospectus are translations from their Chinese names and are for identification purposes only. If there is any inconsistency, the Chinese names shall prevail.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus are as of the Latest Practicable Date.

In this prospectus, unless otherwise stated, certain amounts denominated in RMB have been translated into HK dollars at an exchange rate of HK$1 = RMB0.8740 for illustration purposes only. Such conversions shall not be construed as representations that amounts in RMB were or may have been converted into HK dollars at such rate or any other exchange rates.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

This prospectus contains, and the documents incorporated by reference herein may contain, forward-looking statements representing our goals, and actual results or outcomes may differ materially from those expressed or implied. Such forward-looking statements are subject to certain risks, uncertainties and assumptions. Forward-looking statements typically can be identified by the use of words such as "will," "expect," "anticipate," "plan," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and other similar terms. Although we believe that our expectations are reasonable, we can give no assurance that these expectations will prove to have been correct, and actual results may vary materially. These forward-looking statements include, but are not limited to, statements relating to:

- our business and operating strategies and the various measures we use to implement such strategies;
- our dividend distribution plans;
- our capital commitment plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- the future competitive environment for the industry which we operate in;
- the regulatory environment as well as the general industry outlook for the industry which we operate in;
- future developments in the industry which we operate in; and
- general economic trends in China.

The words "will," "expect," "anticipate," "plan," "believe," "may," "intend," "ought to," "continue," "project," "should," "seek," "potential" and other similar expressions, as they relate to us (other than in relation to our profits, results of operations and earnings), are intended to identify a number of these forward-looking statements. Such statements reflect the current views of our management with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. See "Risk Factors," "Business" and "Financial Information" for more details.

Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove to be incorrect, our financial condition may be adversely affected and may vary materially from the goals we have expressed or implied in these forward-looking statements. Except as required by applicable laws and regulations, including the Listing Rules, we undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Accordingly, investors should not place undue reliance on any forward-looking information.

In this prospectus, statements of or references to our intentions or those of our Directors are made as at the date of this prospectus. Any such intentions may change in light of future developments.

Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks and uncertainties associated with an investment in our Company before making any investment decision regarding our Company. You should pay particular attention to the fact that our Company was incorporated in the Cayman Islands and our operations are conducted in the PRC and are governed by a legal and regulatory environment which in some respects may differ from that in Hong Kong. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.

RISKS RELATING TO OUR BUSINESS

We may not be able to acquire land reserves in desirable locations that are suitable for development at commercially acceptable prices in the future, which may affect our business, financial condition, results of operations and prospects.

The growth and success of our business depend on our ability to continue acquiring land reserves located in desirable locations at commercially reasonable prices. Our ability to acquire land depends on a variety of factors that we cannot control, such as general economic conditions, our effectiveness in identifying and acquiring land parcels suitable for development and the competition for such land parcels. During the Track Record Period, a majority of our completed projects were developed on land obtained through public tender, auction or listing-for-sale process organized by government authorities, and we may continue to acquire land for our property development projects through such method. The availability and price of land acquired through public tender, auction or listing-for-sale process organized by government authorities depend on factors beyond our control, including government land policies and competition. The PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Local governments control the availability of land acquisition by public tender, auction or listing-for-sale process organized by government authorities. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. See "Regulatory Overview." Furthermore, the rapid development of the cities in Shanghai and other parts of the Yangtze River Delta Region in recent years has resulted in a shortage in the supply of undeveloped land in desirable locations and increased land acquisition costs, which is one of the largest components of our cost of sales. Any increase in our land costs resulting from shortages of supply or our inability to procure land could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our business and prospects are heavily dependent on the performance of the PRC property markets, particularly in the various cities we operate and intend to operate, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities where our projects are located, could have a material adverse effect on our business, financial condition and results of operations.

We principally develop and sell properties in Shanghai and other parts of the Yangtze River Delta Region. During the Track Record Period and up to June 30, 2018, we had 29 property projects in the PRC in various stages of development, which were located in Shanghai and other major cities in the Yangtze River Delta Region. Our business continues to be heavily dependent on the property markets in the Yangtze River Delta Region. These property markets may be affected by local, regional, national and global factors, including economic and financial developments, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and the availability of capital. Any adverse developments in the PRC property market generally or in the cities in which we have or expect to have operations could materially and adversely affect our business, financial condition, results of operations and prospects.

Furthermore, private ownership of property in China is still at a relatively early stage of development. Demand for private residential property has been increasing rapidly in recent years, which has often been coupled with volatile market conditions and fluctuations in prices. Numerous factors may affect the development of the market and, accordingly, it is very difficult to predict when and how significantly demand will develop. Limited availability of accurate financial and market information and the general low level of transparency in China's property industry contribute to overall market uncertainty. Investors may be discouraged from acquiring new properties due to the lack of a liquid secondary market for residential properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property. The risk of over-supply is also increasing in parts of China where property investment, trading and speculation have become more active. If as a result of any one or more of these or similar factors, demand for residential property or market prices decline significantly, our business, results of operations, financial condition and prospects could be materially and adversely affected.

We had negative net operating cash flow for the years ended December 31, 2015 and 2017 and the four months ended April 30, 2018 and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans, trust financing or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the construction period. During the Track Record Period, our liquidity requirements arose principally from the acquisition of land for, and development of, our property development projects. Our property development projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and trust financings. We expect to continue to fund our projects through these sources and will look for additional financing opportunities.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For the years ended December 31, 2015 and 2017 and the four months ended April 30, 2017, we recorded negative net cash flow used in operating activities of approximately RMB792.2 million, RMB2,393.5 million and RMB1,275.8 million, respectively. Our negative net operating cash flow was principally attributable to the long-term and capital-intensive nature of property development, our land acquisitions and business expansion during the relevant periods. See "Financial Information – Liquidity and Capital Resources – Cash Flow." We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. For example, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

During the Track Record Period, we financed our property projects primarily through a combination of internally generated funds, including proceeds from pre-sales and sales of our properties and borrowings from financial institutions, such as CBRC-licensed commercial banks and trust financing companies. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

- requirements to obtain PRC government approvals necessary for obtaining financing in the domestic or international markets;
- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and the availability of financing;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the property market.

The PRC government has implemented a number of measures to manage the growth of the money supply and the availability of credit, especially with respect to the property sector. For example:

- the PBOC has adjusted the Renminbi deposit reserve ratio for major banks several times since 2010, first upward to a peak of 21.5% and then downward to 16.5%. Effective from July 5, 2018, the PBOC further made downward adjustment of the Renminbi deposit reserve ratio to a minimum of 15.5% or 13.5% as the case may be, for banks meeting certain conditions;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2008. The PBOC lowered the benchmark one-year bank lending rate to 5.35% on March 1, 2015, to 5.10% on May 11, 2015, to 4.85% on June 27, 2015, to 4.6% on August 26, 2015, and further lowered it to 4.35% on October 24, 2015. The benchmark one-year bank lending rate was maintained at 4.35% on January 1, 2016 and January 1, 2017;
- requiring that at least (i) 20% of total investment in property projects is for affordable housing or commodity housing; and (ii) 25% of the total investment for all other types of property projects is funded by the developer's own capital, and the highest percentage had been at 30% during the Track Record Period;
- restricting commercial banks from granting loans to property developers which will be used to pay land premium;
- restricting trust companies from providing financing to property developers that have not obtained the relevant land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, or to projects that fail to meet project capital ratio requirements;
- restricting trust companies from funding projects developed by property developers which, or whose controlling shareholders, do not have second-level or above qualification;

- prohibiting PRC commercial banks from extending any existing loans or granting any new or revolving credit facilities in any form to property developers with non-compliance records in relation to, among other things, holding and speculating idle lands, using the land outside the scope of the designated purpose, postponing construction commencement or completion, hoarding properties and rigging price for properties;

- prohibiting PRC commercial banks from taking commodity properties that have been vacant for more than three years as security for loans to property developers; and

- prohibiting property developers from using borrowings obtained from local banks to fund property developments outside the regions in which the lending banks reside.

According to the *Notice of the CBRC on the Relevant Issues concerning Supporting the Innovation and Development of Trust Companies* (《中國銀監會關於支持信託公司創新發展有關問題的通知》) promulgated by the CBRC on 25 March 2009, *Notice of General Office of the CBRC on Strengthening Supervision over the Real Estate Trust Business of Trust Companies* (《中國銀監會辦公廳關於加強信託公司房地產信託業務監管有關問題的通知》) promulgated by the CBRC on February 11, 2010 and *Notice of General Office of CBRC on Risk Warning for Real Estate Trust Businesses of Trust Companies* (《中國銀監會辦公廳關於信託公司房地產信託業務風險提示的通知》) promulgated by the general office of the CBRC on November 12, 2010, trust companies shall not provide loans to property developers which (i) have not obtained land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, (ii) have not met the minimum capital ratio requirement for real estate development projects, or (iii) whose controlling shareholders do not have second-level or above qualification. Shanghai Dafa, which is the shareholder of our project companies, holds second-level qualification for real estate development. Under the above rules and notices, we are unable to obtain any trust loan from trust companies before our project companies obtaining the land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits, and meeting the minimum capital ratio requirement. Accordingly, we are unable to use trust loans from trust companies to finance the land premium, and under normal circumstance, any trust loan that we could obtain can only be used for the relevant project development.

In addition, on March 13, 2018, the PRC State Council submitted the *Reform Plan on State Council Agencies* (the "**Reform Plan**") for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee. The Reform Plan includes the merger of the CIRC and the CBRC into the CBIRC, which may lead to stricter and more unified supervision over financial institutions and may indirectly affect the real property industry. This reform will lead to uncertainties in the regulatory environment of the finance market, which may indirectly affect the real property industry. For further information, see "Regulatory Overview."

The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and trust financing arrangements to finance our property projects. Should the PRC government introduce similar additional initiatives, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all.

Going forward, we might look for debt financing opportunities to support our business, including the raising of funds through asset-backed securities programs, corporate bonds and other debt offerings. We might also consider other debt offering plans in the near future.

We are subject to risks associated with certain covenants or restrictions under our bank borrowings and trust financing arrangements which may adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants in the loan contracts between us and certain banks and the trust arrangements entered into by us. For instance, our loan agreements with certain commercial banks may restrict our operating subsidiaries from paying dividends to their shareholders without prior consent from the lenders. Our loan agreements with certain banks may contain cross-default clauses. If any cross-default occurs, such banks are entitled under these agreements to accelerate the repayment of all or part of the relevant loans and to recover against the security for such indebtedness. We may be required to seek the consent of the banks in order to carry out any mergers, restructurings, spin-offs, reductions in registered share capital, material asset transfers, liquidations, changes in shareholding or management structures or the establishment of any joint ventures. Furthermore, as long as such loans are outstanding, some of our relevant operating subsidiaries may not be able to provide guarantees to any third parties. In addition, our trust financing arrangements may have covenants that, among other things, the project company is required to notify and obtain written consent from the trust financing companies in advance if, during the term of the trust financing, it is involved in any operational decisions which would lead to any material change to the interests of the trust financing companies under the trust financing arrangements, or if we need to provide guarantees for other external loans if there are circumstances which may affect our ability to repay loans. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of the relevant loans or borrowings, in which case our business, financial condition and results of operations could be materially and adversely affected.

The CBRC and/or other government agencies of the PRC may tighten the regulations relating to trust loans being provided to the property industry in the PRC, which may affect our ability to obtain trust loans.

During the Track Record Period, we had certain trust financing arrangements, see "Business – Project Financing – Trust Financing and Other Financing Arrangements." There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the CBRC pursuant to the *Rules Governing Trust Financing Companies* (《信託公司管理辦法》), which came into effect on March 1, 2007, and relevant regulations published and updated from time to time. Trust financing companies are therefore under the supervision and monitoring of the CBRC and are required to comply with the relevant notices and regulations promulgated by the CBRC. There can be no assurance that the PRC government will not implement additional or more stringent requirements with regard to trust financing companies. If additional or more stringent requirements with regard to trust financing companies have been implemented, it could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability.

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under IFRS, gains or losses arising from changes in the fair value of our investment properties are included in our consolidated statements of profit or loss for the period in which they arise. Our investment properties were valued by JLL, an independent property valuer, as of December 31, 2015, 2016, 2017 and April 30, 2018, on an open market and existing use basis, which reflected market conditions on the respective dates. Based on such valuation, we recognized the aggregate fair value of our investment properties and relevant deferred tax on our consolidated statements of financial position and increases in fair value of investment properties and movements of the relevant deferred tax on our consolidated statements of profit or loss. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our fair value gains on investment properties was RMB271.0 million, RMB254.0 million and RMB58.0 million, RMB14.0 million and RMB18.8 million, respectively. We recorded net profit of RMB53.4 million, RMB21.9 million and RMB144.2 million and RMB77.6 million for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively, and a net loss of RMB64.8 million for the four months ended April 30, 2017. For the years ended December 31, 2015 and 2016 and the four months ended April 30, 2017, we would have incurred losses without including fair value gains on investment properties in the same periods.

Despite their impact on the reported profit, fair value gains or losses do not change our cash position as long as the relevant investment properties are held by us. The amount of revaluation adjustments has been, and will continue to be, subject to market fluctuations. As a result, we cannot assure you that changes in the market conditions will continue to create fair value gains on our investment properties or that the fair value of our investment properties will not decrease in the future. In addition, the fair value of our investment properties may materially differ from the amounts we would receive in actual sales of the investment properties. Any significant decreases in the fair value of our investment properties or any significant decreases in the amount we could receive in actual sales of the investment properties as compared with the recorded fair value of such properties would materially and adversely impact our results of operations.

Gain on disposal of a subsidiary is non-recurring in nature. Accordingly, we may not record such gain in the future.

We recorded significant gain on disposal of a subsidiary for the four months ended April 30, 2018 amounting to RMB22.5 million as a result of the disposal of our entire equity interest in Nanjing Wisdom Warden in March 2018. For details, please see "Our History and Reorganization – Reorganization – The Onshore Reorganization" and "Appendix I Accountants' Report – Note 33 Disposal of Subsidiaries." While such gain had a significant impact on our reported profit for the relevant period, it was non-recurring in nature. Therefore, we may not record such gain in the future, which in turn may materially affect our profitability.

Our deferred tax assets may not be recovered, which could adversely affect our results of operations.

As of April 30, 2018, our deferred tax assets amounted to RMB187.0 million, representing approximately 1.1% of our total assets. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of regulatory environment, in which case, we may not be able to recover our deferred tax assets which thereby could have an adverse effect on our results of operations.

We may be unable to successfully manage the growth of our business and our results of operations from the Track Record Period may not be representative of our future performance.

We experienced significant revenue growth during the Track Record Period. Our revenue increased from RMB689.0 million for the year ended December 31, 2015 to RMB4,569.6 million for the year ended December 31, 2017, representing a CAGR of approximately 157.5%. For the four months ended April 30, 2017 and 2018, our revenue was RMB88.0 million and RMB878.0 million, respectively. There can be no assurance that we will continue to grow at this rate, or at all. We have faced and will continue to face challenges including rising development and administrative costs and increasing competition for employees and future growth opportunities. We have established a set of policies, controls and procedures to manage our subsidiaries, including personnel management policies, internal control policies and internal audit procedures. However, as our business continues to expand, there can be no assurance that these policies, controls and procedures will prove as effective as we hope. As a result, our past results of operations may not be indicative of our future performance.

Our results of operations largely depend on a number of factors including the schedule of our property development and the timing of property sales and may therefore vary significantly from year to year.

Our business model is to sell certain properties for immediate return of capital to fund our business, operations and expansion plans, while strategically retaining other properties for stable recurring rental income and long-term capital appreciation. For the three years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2017 and 2018, our revenue generated from property development and sales amounted to 89.4%, 88.5%, 98.0%, 66.3% and 97.3%, respectively, of our total revenue. Our results of operations may fluctuate due to factors such as the schedule of our property development projects and the timing of property sales.

We generally recognize revenue from the sale of our properties upon delivery to purchasers. There is a time difference between pre-sales of projects under development and the delivery of completed properties. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between our pre-sales and completion and the delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA, may not be periods in which we generate a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within the same period. The effect of timing of delivery on our operational results is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to the substantial capital requirements for land acquisition and construction costs.

Fluctuations in our operating results may also be caused by other factors, including fluctuations in expenses, such as land grant premium, development costs, administrative expenses, and selling and marketing expenses, and changes in market demand for our properties. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be taken as meaningful measures of our financial performance for any specific period. In addition, the cyclical property market of the PRC affects the optimal timing for the acquisition of land, the planning of development and the sales of properties. This cyclicality, combined with the lead time required for the completion of projects and the sales of properties, means that our results of operations relating to property development activities may be susceptible to significant fluctuations from period to period. Furthermore, our property development projects may be delayed or adversely affected by a combination of factors beyond our control, which may in turn adversely affect our revenue recognition and consequently our cash flow and results of operations.

The locations of our property projects have a direct impact on their selling prices or recognized ASP per sq.m., our sales revenue and our gross profit margins.

Historically, properties in Shanghai, Nanjing and Wenzhou generally commanded a relatively high average price per sq.m., while those in Anqing generally commanded a relatively low average price per sq.m.. Among Shanghai, Nanjing and Wenzhou, properties in Shanghai had the highest ASP per sq.m. in 2017. For details, see "Industry Overview." The selling prices or recognized ASP per sq.m. of our property projects are affected by the location of these projects. While the selling prices or recognized ASP per sq.m. of our property projects vary depending on their locations, our sales revenue and therefore our gross profit margin may vary depending on the mix in geographical locations of our property projects being delivered for a particular period. For instance, our gross profit margin of 30.1% for the four months ended April 30, 2018 was significantly higher than those in the three years ended December 31, 2017, primarily because the sales of our project Dafa Bliss Huating in Shanghai, which contributed 86.7% of our total revenue from property development and sales for the four months ended April 30, 2018 and commanded a relatively high recognized ASP per sq.m.. For details, see "Financial Information – Description of Selected Line Items of Statements of Profit or Loss – Gross Profit and Gross Profit Margin." Therefore, our Group's gross profit margins may decrease in the foreseeable future if expected sales contributed by our property projects in locations with relatively higher recognized ASP per sq.m., such as Shanghai, decreased.

In addition, there is no assurance that our selling prices or recognized ASP per sq.m., as a whole, will always be consistent with the industry trends in the cities we operate. Although historically the fluctuations of the selling prices or recognized ASP per sq.m. for our property projects were generally in line with the industry trend in the cities we operate, our selling prices or recognized ASP per sq.m., as a whole, might deviate from the industry trends as a result of the changes in mix of property series and products types we launch sale and pre-sale in a particular period and the timing of the completion of properties and therefore, making it difficult to predict the future trends.

Fluctuations in the price of construction materials and labor costs could affect the construction fees charged by our construction contractors which could materially and adversely affect our business and financial performance.

The cost of construction materials, such as steel and cement, and labor costs, are subject to a high degree of volatility. As most of our major construction contracts are fixed unit price contracts, the risk of fluctuations in construction material and labor costs during the terms of the contracts are absorbed by our construction contractors to a large extent as we outsource our construction work to them as they are responsible for purchasing most of the construction materials and bear relevant labor costs during the terms of the relevant contracts. However, for certain raw materials such as concrete and steel, our contractors only bear the risk of fluctuation within 3% of the contract price and we bear the risk of fluctuation exceeding 3% of the contract price. In addition, if there is any significant increase in the cost of construction materials and labor costs, our construction contractors may require us to renegotiate construction fees or we may be subject to higher construction fees when our existing construction contracts expire. Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labor increase subsequent to the pre-sales. If any of these occur, our business, financial condition and results of operations may be materially and adversely affected.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, necessary government approvals to carry out our property development and management operations.

The property industry in the PRC is heavily regulated. Property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. To engage in property development and management operations, we must also apply to relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, qualification certificates for property developers, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any certificate or permit, we must meet the relevant requirements. Those who engage in real estate development without obtaining qualification certificates will be ordered to cease development activities. The illegal profits will be confiscated and a fine of five times of the illegal profits or less may be imposed. See "Regulatory Overview" and "Business – Legal Proceedings and Compliance – Non-Compliance Incidents."

There can be no assurance that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain or renew, or encounter significant delays in obtaining or renewing, the necessary certificates and/or government approvals for any of our major property projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

The LAT calculated by the relevant PRC tax authorities may be different from our calculation of LAT liabilities for provision purposes, which may have a material adverse effect on our financial condition.

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. In accordance with a circular issued by the State Administration of Taxation, which became effective on February 1, 2007, LAT obligations are required to be settled with the relevant tax bureaus within a specified time after the completion of a property development project.

We make provisions for LAT by reference to our sales recognized and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations. As we often develop our projects in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. For the years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2017 and 2018, we made LAT provisions of RMB12.6 million, RMB11.8 million, RMB81.4 million, RMB1.2 million and RMB27.0 million, respectively. For the years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2017 and 2018, we made LAT payments of RMB93.8 million, RMB117.3 million, RMB115.5 million, RMB35.6 million and RMB50.3 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially provided for. Any such differences may impact our profit after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. Our financial condition may be materially and adversely impacted if our LAT liabilities as calculated by the relevant tax authorities are higher than our provisions.

The appraised value of our properties may be different from their actual realizable value and are subject to change, and if the actual realizable value of our properties is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition.

The appraised value of our properties as set forth in the property valuation report contained in Appendix III to this prospectus is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale; we have paid all land premium payments and other costs such as resettlement and ancillary utilities services in full and there is no requirement for payment of any further land premium or other onerous payments to the government; our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by JLL in appraising the value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of our property holdings, and in turn materially and adversely affect our business, results of operation and financial condition.

We may not be able to complete our development projects on time, which may affect our cash flow.

Property development projects require substantial capital expenditure prior to and during the construction period for, among other things, land acquisition and construction. The construction of property projects may take over a year or longer before a positive net cash flow may be generated through pre-sales, sales, leasing or rentals. As a result, our cash flows and results of operations may be affected by our project development schedules and any changes to those schedules. The schedules of our project developments depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction. Other specific factors that could adversely affect our project development schedules include:

- natural catastrophes and adverse weather conditions;
- changes in market conditions, economic downturns and decreases in business and consumer sentiments in general;
- failure to obtain necessary licenses, permits and approvals from relevant government authorities in a timely manner;
- changes in relevant regulations, government policies and government planning;
- relocation of existing residents and/or demolition of existing structures;
- shortages of raw materials, equipment, contractors and skilled labor;
- labor disputes;
- construction accidents; and
- errors in judgment on the selection and acquisition of potential sites.

Construction delays or failure to complete the construction of a project according to our planned specifications, schedule and budget may harm our reputation as a property developer, leading to loss of or delay in recognizing revenues and lower returns. If a property project is not completed on time, the purchasers of pre-sold units of the project may be entitled to compensation for late delivery. If the delay extends beyond a certain period, the purchasers may be entitled to terminate their pre-sales agreements and claim damages. There can be no assurance that we will not experience any significant delays in completion or delivery of any of our projects in the future or that we will not be subject to any liabilities for any such delays.

We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners.

We intend to establish joint ventures and associated companies with third parties to jointly develop property projects. The performance of such joint ventures and associated companies may affect our results of operations and financial position. Generally, we do not expect to record gains from such joint ventures and associated companies until they start to generate revenue by delivering properties they develop.

The success of a joint venture or an associated company depends on a number of factors, some of which are beyond our control. We may not be able to force our partners to fully perform their obligations to us pursuant to our cooperation agreements. As a result, we may not be able to realize the anticipated economic and other benefits from our joint ventures and associated companies or even suffer losses. In addition, in accordance with PRC laws, our joint venture agreements and the articles of association of our joint ventures and associated companies, certain matters relating to joint ventures or associated companies may require the consent of all parties to the joint ventures and associated companies. Therefore, such joint venture agreements involve a number of risks, including (i) we may not be able to pass certain important board resolutions requiring unanimous consent of all of the directors of our joint ventures and associated companies if there is a disagreement between us and our joint venture or associated company partners; or (ii) our joint venture or associated company partners may have economic or business interests or goals or philosophies that are inconsistent with ours.

In addition, since we may not have full control over the business and operations of our joint ventures and associated companies, we cannot assure that they will be in strict compliance with all applicable PRC laws and regulations. We cannot assure you that we will not encounter problems with respect to our joint ventures and associated companies or our joint ventures and associated companies will not violate PRC laws and regulations, which may have an adverse effect on our business, results of operation and financial condition.

We have indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

We currently have, and will continue to require, a substantial amount of indebtedness. Our bank loans and other borrowings, including both current and non-current borrowings, as of December 31, 2015, 2016, 2017 and April 30, 2018, were RMB4,091.5 million, RMB3,258.6 million, RMB5,987.3 million and RMB5,703.1 million, respectively, and our net gearing ratio was 196.5%, 150.0%, 270.8% and 235.6%, respectively, as of the same dates. Our indebtedness and gearing could have significant implications, including, among others:

- increasing our vulnerability to adverse general economic and industry conditions;
- requiring us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limiting our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;
- placing us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;
- limiting our ability to borrow additional funds; and
- increasing our cost of additional financing.

Moreover, our trust and other financings are generally secured by our equity interests in the PRC subsidiaries or lien of land use rights or development projects. If we default and cannot repay all of the secured indebtedness, we may lose part or all of our equity interests in these PRC subsidiaries, our proportionate share of the asset value of the relevant land use rights or our development projects. See "Business – Project Financing – Trust Financing and Other Financing Arrangements."

In the future, we may from time to time require substantial additional indebtedness and contingent liabilities. We might look for debt financing opportunities to support our business, including raising funds through asset-backed securities programs, corporate bonds and other debt offerings. Our ability to generate sufficient cash to satisfy our existing and future debt obligations will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay our anticipated operating expenses and to service our debt, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital. These strategies may not be implemented on satisfactory terms, or at all, and, even when implemented, may result in a material and adverse effect on our business, results of operations and financial condition.

Our financing costs are subject to changes in interest rates.

We have incurred and are expected to continue to incur a significant amount of interest expense relating to our borrowings from banks, as well as from our trust and other financing arrangements. Accordingly, changes in interest rates have affected and will continue to affect our financing costs. Because a majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated significantly in recent years. We recorded finance costs of RMB101.9 million, RMB114.6 million, RMB133.7 million, RMB50.7 million and RMB58.8 million for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, respectively. Future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our finance costs and thereby materially and adversely affect our business, financial condition, results of operations and prospects.

We rely on services provided by third-party contractors. Any failure by these contractors to provide satisfactory services, or any disputes with our third-party contractors could materially and adversely affect our reputation, business, results of operations and financial condition.

We engage third parties to carry out various services relating to our property development projects, including project design, pile setting, foundation building, construction, equipment installation, elevator installation and landscaping. We generally select third-party contractors through a tender process and endeavor to engage companies with a strong reputation and track record, high performance reliability and adequate financial resources. Our third-party contractors may fail to provide satisfactory services at the level of quality or within the time required by us. In addition, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, we may need to replace such contractor or take other remedial actions, which could increase the costs and adversely affect the development schedules of our projects and materially and adversely affect our reputation, credibility, financial condition and business operations. Moreover, we cannot assure you that our employees will be able to consistently apply our quality standards in carrying out quality control, and to detect all defects in the services rendered by third-party service providers or contractors. In addition, as we enter into new geographical areas in the PRC, there may be a shortage of third-party contractors that meet our quality standards and other requirements in such locations and, as a result, we may not be able to engage a sufficient number of high-quality third-party contractors, which may adversely affect the construction schedules and development costs of our property development projects. Furthermore, if our relationship with any of the third-party service providers or contractors deteriorates, a serious dispute with such third-party service provider or contractor may arise, which may in turn result in costly legal proceedings. The occurrence of any of the above events may have a material adverse effect on our business, financial condition, results of operations and prospects.

Our expansion into new geographical markets presents certain risks and uncertainties.

In order to achieve sustainable growth, we need to continue to seek development opportunities in select regions in the PRC with the potential for growth and where we have no existing operations. We may not be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new projects. For the geographic locations we select, we may face intense competition from developers with established experience or presence and from other developers with similar expansion plans. As we may face challenges not previously encountered, we may fail to recognize or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model, may not be readily transferable to, and replicated in, new markets in our target cities. The property markets in our target cities may be different from each other in terms of the level of local economic and industrial development, local governmental policies and support, development phases of local businesses, market demand for our properties, types of properties to be developed and development cycles. We may have limited ability to leverage our established brands and reputation in new markets in the way we have done in our existing markets. Furthermore, the administrative, regulatory and tax environments in our target cities may be different from each other and we may face additional expenses or difficulties in complying with new procedures and adapting to new environments in the new markets. In addition, we may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position.

As we continue to expand, we will have to continue to improve our managerial, development and operational expertise and allocation of resources. To effectively manage our expanded operations, we will need to continue to recruit and train managerial, accounting, internal audit, engineering, technical, sales and other staff to satisfy our property development requirements, including staff with local market knowledge. In order to fund our ongoing operations and our future growth, we need to have sufficient internal capital sources or access to additional financing from external sources. Further, we will be required to manage relationships with a greater number of customers, tenants, suppliers, contractors, service providers, lenders and other third parties. Accordingly, we will need to further strengthen our internal controls and compliance functions to ensure that we are able to comply with our legal and contractual obligations and to reduce our operational and compliance risks. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

We are partially dependent on commercial property investment and operation income from our investment property portfolio.

Commercial property investment and operation income from our investment properties constitutes an important part of our business and revenue. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, the revenue of commercial property investment and operations accounted for approximately 9.7%, 10.5%, 1.9%, 30.9% and 2.5% of our total revenue, respectively. We are subject to risks incidental to the ownership and operation of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from ongoing maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to the level of the then prevailing market rate, or at all, upon the expiry of the existing terms. In addition, we may not be able to enter into new leases at the rental rates expected. All these factors could negatively affect the demand for our investment properties and our rental income, which could have a material and adverse effect on our business, financial condition and results of operations.

We may not be able to attract and retain quality tenants for our investment properties.

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There can be no assurance that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with us would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are unable to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have a material and adverse effect on our business, financial condition and results of operations.

We incur maintenance and operating costs in operating our investment properties, which may increase.

Our urban complexes and lifestyle and shopping centers utilize a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utility providers charge, nor can we easily switch to different utilities providers. Any price increase or change in the pricing structure from these utility providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our tenants and guests could increase our operating costs if we are not able to pass these higher costs on to our customers.

In addition, operating investment properties and other associated facilities, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimizing costs. Such limitations may have an adverse impact on our profitability when the property leasing industry experiences a downturn and may exacerbate the impact of a decline in occupancy rates and rental rates. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We face certain risks of defects or deficiencies in connection with our investment properties and any accidents, injuries or prohibited activities in our investment properties may adversely affect our reputation and subject us to liability.

Our investment properties may have defects or deficiencies requiring significant capital expenditures, repair or maintenance expenses or payment of other obligations to third parties. If any of our investment properties has design, construction or other latent property or equipment defects, repairs, maintenance or, if necessary, replacements may need to be carried out to rectify these defects. In addition, wear and tear of our investment properties or adverse weather conditions could result in defects requiring repairs or replacement. Such defects and/or the repair, maintenance or replacement works carried out to rectify them could increase our costs and could have an adverse effect on the operations of our investment properties and/or the attractiveness to tenants and guests of such investment properties.

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests and infringement of third parties' intellectual property or other rights by our tenants) taking place in public places, such as shopping malls. The occurrence of one or more accidents, injuries or prohibited activities at any of our investment properties could adversely affect our reputation among customers and guests, harm our brand, decrease our overall rents and increase our costs by requiring us to implement additional safeguard measures. In addition, if accidents, injuries or prohibited activities occur at any of our investment properties, we may be held liable for costs, damages and fines. Our current property and liability insurance policies may not provide adequate or any coverage for such losses and we may be unable to renew our insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

Our investment properties may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments and/or the redevelopment or renovation of the properties or neighboring properties.

Our investment properties may require repairs and refurbishments which may require significant capital expenditures. Our investment properties may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments or renovations of our investment properties may impact on our ability to attract tenants at our investment properties. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of an investment property or certain facilities within our investment properties. As a result, during the period of any such repairs, refurbishments, redevelopments or renovations, we may experience a reduction in the occupancy rates and/or rental income of the investment properties.

Furthermore, buildings neighboring any of our investment properties may be demolished or redeveloped for alternative uses, which may cause disruption to our investment properties. This may in turn negatively impact the revenue, attractiveness and valuation of our investment properties. Furthermore, any development or redevelopment of neighboring properties could add properties that compete with our investment properties. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition, results of operations and prospects.

The illiquidity of investment properties and the lack of alternative uses of investment properties may significantly limit our ability to respond to adverse changes in the performance of our investment properties.

Because property investments in general are relatively illiquid, our ability to promptly sell one or more of our investment properties in response to changing economic, financial and investment conditions is limited. The property market is affected by various factors, such as general economic conditions, availability of financing, interest rates and supply and demand, many of which are beyond our control. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms set by us, or whether any price or other terms offered by a prospective purchaser would be acceptable to us. We also cannot predict the length of time needed to find a purchaser and to complete the sale of a property. Moreover, we may also need to incur capital expenditure to manage and maintain our properties or to correct defects or make improvements to these properties before selling them. We cannot assure you that financing for such expenditures would be available when needed, or at all. In addition, if we sell an investment property during the term of that property's tenancy agreement, we may have to pay termination fees to our retail tenants.

Furthermore, the aging of investment properties, changes in economic and financial conditions or changes in the competitive landscape in the PRC property market may adversely affect the amount of rentals and revenue we generate from, as well as the fair value of, our investment properties. However, investment properties may not be readily converted to alternative uses, as such conversion requires extensive governmental approvals in the PRC and involves substantial capital expenditures for the purpose of renovation, reconfiguration and refurbishment. We cannot assure you that we will possess the necessary approvals and sufficient funds to carry out the required conversion. These factors and any others that would impede our ability to respond to adverse changes in the performance of our investment properties could affect our ability to compete against our competitors and our results of operations.

We guarantee mortgage loans of certain of our customers and may become liable to mortgage banks if customers default on their mortgage loans.

We derive a substantial portion of our revenue from sales of our properties. Most purchasers of our properties apply for bank borrowings and mortgages to fund their purchases. In accordance with industry practice, banks require us to guarantee mortgage loans taken out by purchasers of the properties that we develop. Typically, we guarantee the full value of mortgage loans taken out by purchasers, as well as accrued interest and penalties for defaults in mortgage payments, up until the issuance of the relevant property ownership certificates and the registration of the mortgage in favor of the mortgagee bank. These are contingent liabilities not reflected on our balance sheets. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the credit evaluations conducted by the mortgage banks for such customers.

As of April 30, 2018, our outstanding guarantees in respect of the residential mortgages of our customers amounted to RMB2,371.0 million. However, should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

The total GFA of some of our property developments may be different from the original authorized area.

Government grants of land use rights for a parcel of land specify in the land grant contract the permitted total GFA that the developer may develop on the land. In addition, the total GFA is also set out in the relevant urban planning approvals and construction permits. However, the actual GFA constructed may be different from the total GFA authorized in the land grant contract or relevant construction permits due to factors such as subsequent planning and design adjustments. The actual GFA may be subject to approval when the relevant authorities inspect the properties after completion. The developer may be required to pay additional land premium and/or administrative fines or take corrective actions in respect of the adjusted land use and excess GFA before a completion certificate (工程竣工驗收備案表) can be issued to the property developer. Until the completion certificate is issued, we would not be able to deliver individual units to purchasers or to recognize the related pre-sale proceeds as revenue. The methodology for calculating the additional land premium is generally the same as the original land grant contract. If issues related to excess GFA cause delays in the delivery of our products, we may also incur liability to purchasers under our sales and purchase agreements. There can be no assurance that the constructed total GFA for each of our existing projects under development or any future property developments will not exceed permitted total GFA. Any of these factors may adversely affect our business.

We are exposed to contractual and legal risks related to pre-sales, which could have a material adverse effect on our business, financial condition and result of operations.

We make certain undertakings in our pre-sale contracts, and our pre-sale contracts and the PRC laws and regulations provide for remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property on time, we may be liable to the relevant customers for such late delivery under the relevant pre-sale contracts or pursuant to relevant PRC laws and regulations. If our delay extends beyond a specified period, the purchasers may terminate their pre-sale contracts and claim for damages. A customer may also terminate his or her contract with us and/or bring claims for compensation for certain other contractual disputes, including, for example, if the GFA of the relevant unit, as set out in the individual building ownership certificate, deviates by more than 3% from the GFA of that unit as set out in the contract; if the floor plan of the relevant unit is different from what is set out in the contract and adversely affects the quality and functionality of the unit; if the interior decoration of the relevant unit is inferior to what is set out in the contract; or if the customer fails to receive the individual property ownership certificate within a statutory period due to our fault. Any of such factors could have a material adverse effect on our business, financial condition and results of operations. Though we are typically entitled to claim damages from the third-party contractors if such breaches are due to their fault, we cannot assure you that the damages we recoup will fully compensate our losses.

Changes of PRC laws and regulations with respect to pre-sales may adversely affect our business.

We depend on cash flows from pre-sales of properties as an important source of funding for our property developments. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sales the relevant properties and pre-sales proceeds may only be used to finance the related development. Any ban or additional restrictions on pre-sales may require us to seek alternative sources of funding to finance our developments, and if sufficient alternative funding is not available to use on attractive terms, or at all, our cash flow and prospects, and business, results of operations and financial condition could be materially and adversely affected.

We may be liable to our customers for damages if individual property ownership certificates are not delivered to our customers in a timely manner due to our fault.

Property developers in the PRC typically assist purchasers of property to obtain the relevant individual property ownership certificates within a time frame set out in the relevant property sale and purchase agreement, or in the absence of such time frame, within 90 days of delivery of the property if the construction of the property purchased has not been completed, or within 90 days of execution of the agreement if the construction of the property purchased has been completed. Property developers, including us, generally elect to specify the deadline for the delivery in the property sale and purchase agreements to allow sufficient time for the application and approval processes.

Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of land resources and housing administration after receipt of the completion and acceptance certificate for the relevant properties and apply for the property ownership initial registration in respect of these properties.

We are then required to submit after delivery of the properties, the relevant property sale and purchase agreements, identification documents of the purchasers, proof of payment of deed tax, for the relevant local authority's review and the issuance of the individual property ownership certificates in respect of the properties purchased by the respective purchasers. Delays by the various administrative authorities in reviewing the application and granting approval as well as other factors may affect timely delivery of the general as well as individual property ownership certificates. There can be no assurance that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

The property development business is subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

Under the *Regulations on Administration of Development and Operation of Urban Real Estate* (《城市房地產開發經營管理條例》) enacted by the State Council on July 20, 1998 and amended on January 8, 2011, and the *Regulation for the Administration of Sales of Commodity Buildings* (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. Generally, we receive quality warranties from third-party contractors with respect to our property projects. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

We may be subject to fines or forfeit land to the PRC government if we fail to pay land grant premium or fail to develop properties within the time and in accordance with the terms set out in the relevant land grant contracts.

Under PRC laws, if we fail to develop a property project according to the terms of the land grant contract, including those relating to the payment of land premium, resettlement and demolition costs and other fees, the designated use of the land and the time for commencement and completion of the property development, government authorities may issue a warning, impose a penalty and/or order us to forfeit the land. Specifically, under current PRC laws, if we fail to pay any outstanding land grant premium by the stipulated deadlines, we may be subject to late payment penalties or the repossession of the land by the government. If we fail to commence development within one year of the commencement date stipulated in the land grant contract, the relevant PRC land bureau may issue a warning to us and impose an idle land fee on the land equal to 20% of the land premium. If we fail to commence development within two years from the commencement date stipulated in the land grant contract, the relevant PRC land bureau may confiscate our land use rights without compensation, unless the delay in the development is caused by government action or is due to a force majeure. Moreover, if a property developer commences development of the property in accordance with the timeframe stipulated in the land grant contract but, suspends for more than one year and falls under either of the following two situations (i) the developed land area is less than one-third of the total land area, or (ii) the total invested capital is less than one fourth of the total planned investment in the project, the land may be treated as idle land and will be subject to the risk of forfeiture.

In September 2007, the Ministry of Land and Resources issued a new notice to further enhance control of the land supply by requiring developers to develop land according to the terms of the land grant contracts and restricting or prohibiting any non-compliant developers from participating in future land auctions. In January 2008, the State Council issued a *Notice of the State Council on Promoting Land Saving and Efficient Use* (《國務院關於促進節約集約用地的通知》) to escalate the enforcement of existing rules on idle land management. Furthermore, the Ministry of Land and Resources issued a *Notice on Restricting the Administration of Construction Land and Promoting the Use of Approved Land* (《關於嚴格建設用地管理 促進批而未用土地利用的通知》) in August 2009, which reiterated the applicable rules with regard to idle land management. On June 1, 2012, the Ministry of Land and Resources promulgated the revised *Measures on the Disposal of Idle Land* (《閒置土地處置辦法》), which went into effect July 1, 2012. These further measures may prevent competent land authorities from accepting any application for new land use rights or processing any title transfer transaction, lease transaction, mortgage transaction or land registration application with respect to idle land prior to the completion of the required rectification procedures.

We cannot assure you that circumstances leading to the repossession of land or delays in the completion of a property development will not arise in the future. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs incurred for the initial acquisition of the repossessed land or recover development costs and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land use right grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

If we are unable to successfully retain the services of our current personnel and hire, train and retain senior executives or key personnel, our ability to develop and successfully market our products may be impaired.

The success and growth of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications, including management personnel with relevant professional skills. We rely on them to continue to develop our business. We provide incentives to attract and retain management and experienced personnel to meet the future development needs. In addition, if any Director or any member of our senior management team or any of our other key personnel joins a competitor or carries on a competing business, we may lose customers and additional key staff members. However, as the competition is fierce in China for senior management and key personnel with extensive experience in property development, if a large number of directors and senior management resign, and we fail to find a suitable candidate, our business may be adversely affected.

Potential liability for health and environmental problems could result in delay in the development of our properties.

We are subject to a variety of laws and regulations concerning the protection of health and the environment. As required by PRC laws, independent environmental consultants have conducted environmental impact assessments at all of our construction projects and environmental impact assessment documents were submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request a developer to submit the environmental impact documents, issue orders to suspend the construction and impose a penalty for a project where environmental impact assessment documents have not been approved before commencement of construction.

As required by PRC laws and regulations, property projects with GFA in excess of 50,000 sq.m. or in environmentally sensitive regions or areas are required to undergo environmental assessments and the related assessment document must be submitted to the relevant government authorities for approval before commencement of construction. For other property projects, we are required to file the environmental impact registration form for record-filing. If we failed to meet such requirements, local authorities may issue orders to stop construction and based on the circumstances of the violation and the consequences thereof, impose on us a fine of between one to five percent of the total investment amount of the project, and may also issue orders to restore the original conditions before the construction; and the persons directly in charge and other directly responsible persons of us shall be subject to administrative sanctions under the law. After the completion of construction, we are required to make an acceptance check of the environmental protection facilities and prepare an acceptance report according to the standards and procedures stipulated by the competent administrative department of environmental protection under the State Council. When making an acceptance check of environmental protection facilities, we are required not to commit fraud. We are also required to make the acceptance report publicly available in accordance with the law unless we are required to keep confidential according to national provisions. If we cannot make an acceptance check of environmental protection facilities in due course, the development of our projects may be delayed.

We may be subject to fines due to the lack of registration of our leases.

Pursuant to the *Administrative Measures for Commodity House Leasing* (商品房屋租賃管理辦法), which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We lease certain properties from third parties mainly for our office use. As of the Latest Practicable Date, we entered into 80 lease agreements as tenants and failed to register all the lease agreements. We also rented out certain properties to third parties. As of the Latest Practicable Date, we entered into 36 leases as the landlord and failed to register 35 leases, among which three may subject us to penalties. The failure to register the lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Adviser we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. Our Directors have advised us that the estimated total maximum penalty is approximately RMB830,000. The occurrence of any of the above conflicts or disputes or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

Our current insurance coverage may not be adequate to cover all risks related to our operations.

Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

Our operations are dependent on a limited number of major suppliers.

Our suppliers are mainly construction contractors and construction material suppliers. During the Track Record Period, we were dependent on a limited number of major suppliers to operate our businesses. For the three years ended December 31, 2017 and the four months ended April 30, 2018, purchases from the five largest suppliers, which were all Independent Third Parties, amounted to RMB387.2 million, RMB814.1 million, RMB525.6 million and RMB165.3 million, respectively, representing 61.6%, 60.7%, 38.4% and 52.7% of our total purchases in the periods, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2018, purchases from our single largest supplier accounted for RMB136.6 million, RMB276.0 million, RMB132.1 million and RMB68.2 million, respectively, representing 21.7%, 20.6%, 9.7% and 21.8% of our total purchases in the periods, respectively.

If a large number of our current major suppliers decide to terminate business relationships with us or, if the services or raw materials supplied by our current suppliers fail to meet our standards, or if our current service or raw material supplies are interrupted for any reason, we may not be able to easily switch to other qualified suppliers in a timely manner, which may materially and adversely affect our business and financial results.

Certain portions of our property development projects and investment properties are designated as civil air defense properties.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. According to the *PRC Civil Air Defense Law* (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, and the *Management Measures for Peacetime Development and Usage of Civil Air Defense Properties* (人民防空工程平時開發利用管理辦法) promulgated by the Office of Civil Air Defence of the People's Republic of China on November 1, 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense properties in times of peace and make profit therefrom. During the Track Record Period, certain such areas are used as car parks. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our projects is used by the public, we may not be able to use such area as car parks. In addition, we cannot assure you that such laws and regulations will not be amended in the future, which may make it more burdensome for us to comply with and increase our compliance cost. We confirm that as of the Latest Practicable Date, we had 10 completed civil air defense properties with an aggregate GFA of 90,666.19 sq.m., which are primarily used or to be used for car parks, representing an insignificant portion of our property portfolio.

We may be involved in legal and other disputes arising out of our operations and may face significant liabilities as a result.

We may be involved from time to time in disputes with various parties involved in the development and the sale of our properties, including (without limitation) contractors, suppliers, construction workers, original residents, partners, banks and purchasers. These disputes may lead to protests and may result in damage to our reputation, substantial costs and diversion of resources and management's attention. As most of our projects are comprised of multiple phases, purchasers of our properties in earlier phases may commence legal actions against us if our subsequent planning and development of the projects are perceived to be inconsistent with our representations and warranties made to such earlier purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, which may subject us to administrative proceedings and unfavorable decrees that result in liabilities and cause delays to our property developments. See "Business – Legal Proceedings and Compliance – Legal Proceedings." We may be involved in other proceedings or disputes in the future that may have an adverse effect on our business, financial condition, results of operations or cash flows.

We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and deterioration in our brand image which could adversely affect our business.

We believe that we have built an excellent reputation in our markets for the quality of our various product series. We have also placed great importance on the continuous enhancement of our brand name and the increase in our brand recognition. Brand value, which is based largely on consumer perceptions with a variety of subjective qualities, can be damaged even by isolated business incidents that degrade consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties, fail to deliver a consistently positive consumer experience, are exposed to intellectual property infringement claims or are perceived to act in an unethical or socially irresponsible manner. Any decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial condition and results of operations.

Our brand strategy also depends on our ability to use, develop and protect our intellectual properties, such as our trademarks. We have not successfully registered all of our trademarks in China or elsewhere. For instance, we use the brand names "大发" or "大发地产" to carry out our business in China. We have not registered them as trademarks in the PRC but submitted applications for their trademark registration in the PRC on May 28, 2018. We cannot assure you that we will not be subject to trademark litigation or disputes in the future. The defense and prosecution of intellectual property lawsuits and related legal and administrative proceedings can be both costly and time-consuming and may significantly divert our resources and the time and attention of our management personnel. An adverse ruling in any such litigation or proceedings could subject us to significant liabilities to third parties, require us to seek licenses from third parties and to pay ongoing royalties, or subject us to injunctions prohibiting the use of such name and/or logo.

The applications for the registration of certain trademarks are still being processed and they may not be able to be registered on a timely basis or at all.

We have engaged professional parties to prepare the registration of certain trademarks. See "Appendix V – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual property rights of our Group – Trademarks – (b) Trademark under application." Based on our experience with the registration process of trademarks, the process in the PRC is lengthy and may take up to twenty four months while the process in Hong Kong may take up to nine months.

Furthermore, these trademarks may not be approved for registration. As far as we are aware, as of the Latest Practicable Date, there were no applications by any other parties for trademarks in the same class relating to our principal scope of business. Our Directors believe that there would not be any material obstacles that would prevent the registration of these trademarks in the PRC and in Hong Kong, as the case may be. Nevertheless, if the applications for registration of these trademarks are not completed on a timely basis or at all, we may not be able to commence legal actions to protect these trademarks from unauthorized use. In such an event, our image and our strategy to develop our brand may be adversely affected.

We may be subject to fines or penalties if we fail to comply with any applicable laws, rules or regulations.

Historically, we experienced certain non-compliance incidents during the Track Record Period. During the Track Record Period, we commenced or proceeded with construction work with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We commenced construction work with respect to certain of our property projects before being reviewed by the administrative department of planning. We also experienced non-compliance in connection with violation of advertising law and pricing issues. We were subject to penalties or ordered to rectify such non-compliances, as the case may be. As of the Latest Practicable Date, we had paid all the penalties. There is no assurance that our internal control measures will be effective and there will not be any non-compliance incidents in the future. In addition, PRC laws, rules or regulations governing our industry have been evolving rapidly, and we cannot assure you that we will not be subject to fines or penalties arising from non-compliance incidents if we fail to adapt to the new regulatory regime in a timely manner, or at all, which may have a material adverse effect on our business, financial condition and results of operations.

We may not be able to prevent or detect actions by our employees or agents which violate applicable anti-corruption laws and regulations.

Bribery and other misconduct by our employees or agents may be difficult to prevent or to detect on a timely basis, or at all. Although we have put in place relevant internal control measures aimed at preventing our employees and agents from engaging in conduct which would violate applicable anti-corruption laws and regulations, there can be no assurance that we will be able to prevent or detect such misconduct. Such misconduct by our employees or agents could subject us to financial losses and harm its business and operations. In addition to potential financial losses, such misconduct could subject us to third party claims and regulatory investigations. Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

If we fail to implement effectively our risk management and internal control policies and procedures, our business and prospects may be materially and adversely affected.

We continually enhance our risk management and internal control policies and systems as part of a continuous effort to improve our risk management capabilities and enhance our internal controls. See "Business – Internal Control" and "Business – Risk Management." However, there can be no assurance that our risk management and internal control policies and procedures will adequately control or protect us against all risks. Some of these risks are unforeseeable or unidentifiable and may be more severe than what we may anticipate.

Our risk management capabilities and ability to effectively monitor legal compliance and other risks are restricted by the information, tools, models and technologies available to us. Moreover, our employees will require time to adjust to these policies and procedures and we cannot assure you that our employees will be able to consistently comply with or accurately apply them. If our risk management and internal control policies, procedures and systems fail to be implemented effectively, or if the intended results of such policies, procedures and systems are not achieved in a timely manner (including our ability to maintain an effective internal control system), our business, financial condition, results of operations and reputation may be materially and adversely affected.

False advertising of our properties may lead to penalties, undermine our sales and marketing efforts, deteriorate our brand name, and have a material adverse effect on our business.

As a property developer in the PRC, we are subject to a variety of laws and regulations concerning the marketing and promotion of our property development projects, our business and our brand image. If any of our advertisements are considered to be untruthful, we will be subject to penalties and will be required to cease publishing the advertisements and eliminate adverse effects by publishing notice in the same media or in media with equivalent significance to correct the previous false advertisements and clarify the truth. In addition, any false advertising may cast doubt on our other disclosure, advertisements, filings and publications; may deteriorate our brand name and reputation and consequently materially and adversely affect our business, financial condition and results of operations.

Negative publicity may adversely affect our business, financial condition, results of operations and prospects.

We may be subject to and associated with negative publicity, including those on the Internet, with respect to our corporate affairs and conduct related to our personnel, the real estate market we operate or intend to operate. We may also be subject to negative reports or criticisms by various media. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. Nonetheless, any negative coverage, whether or not related to us or our related parties and regardless of truth or merit, may have an impact on our reputation and consequently, may undermine the confidence of our customers and investors in us, which may in turn materially and adversely affect our business, financial condition, results of operations and prospects.

RISKS RELATING TO INDUSTRY

Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate.

Our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures, such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing restrictions on foreign investment and currency exchange. Since 2004, the PRC and local governments introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

- strictly enforcing the idle land-related laws and regulations;

- restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;

- prohibiting commercial banks from lending funds to real estate developers with an internal capital ratio lower than certain prescribed percentage;

- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;

- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

- raising the minimum percentage of down payment of the purchase price of the residential property of a family;

- restricting purchasers from acquiring second and more residential properties and imposing property purchase restrictions on non-local residents who cannot provide any proof of local tax or social security payments for more than a specified time period in certain cities; and

- restricting the availability of individual housing loans in the property market to individuals and their family members with more than one residential property, and raising interest rates of such loans.

These and other measures, including additional requirements for pre-sales and restricting the use of funds raised by pre-sales, made the properties we developed more costly, unattractive or even unavailable to certain of our customers. In addition, since January 2010, policies implemented by the PRC government with regard to bank loans and trust financing arrangements for property development projects have had, and may continue to have, a dampening effect on the property markets in which we operate. These measures resulted in downward pressure on the PRC property market starting in the second half of 2011 and reduced transaction volumes in the first quarter of 2012.

Following the market fluctuations in the face of temporary easing of some restrictions by local governments in the second and third quarters of 2012, the property price and transaction volume increased in the last quarter of 2012 and the first quarter of 2013. On February 20, 2013, the *General Office of the State Council announced the Notice on Further Regulation of the Real Estate Market* (《國務院辦公廳關於繼續做好房地產市場調控工作的通知》). According to such notice, local governments shall increase the supply of housing properties and lands, and set price control targets in cities with rapidly increasing property prices. In addition, the notice also requires the local government to strictly implement existing purchase restrictions and differentiated credit policies with regard to the down payment ratios and interest rates for mortgages for second and more residential property. If the property price increases too quickly, the local government may further increase interest rates and down payment ratio for mortgages for second and more properties. For cities with existing purchase restrictions, the city municipals shall impose further restrictions. For cities with no purchase restrictions, the provincial governments must require these cities to promptly adopt purchase restrictions. The tax, building and construction authorities are required to coordinate to ensure that the 20% individual income tax on the difference between the sales proceeds and the original purchase price for the sale of second-hand properties is strictly implemented. These policies aim to serve to restrain the trend of excessive increase in housing prices. At the end of 2013, a new round of policies aiming at promoting affordable housing and discouraging speculative investments in residential properties were announced in a number of large cities in China, including Beijing, Shanghai, Guangzhou, Shenzhen, Zhengzhou, Nanchang, Fuzhou, Xiamen, Nanjing and Hangzhou.

The PRC government has eased certain restrictive measures starting in the third quarter of 2014 to foster the growth of the residential property market in China, encourage transactions and reduce idle housing inventories. However, such measures have resulted in signs of overheating in the property markets in first- and certain second-tier cities. As a response, in certain first- and second-tier cities including Shanghai, Shenzhen, and Suzhou, local governments have again enhanced restrictive measures such as raising the minimum percentage of down payment of the purchase price of the second and more residential property of a family, requiring longer social insurance records in such cities for citizens whose household registration were not in such cities, and restriction on the percentage of price increases by real estate developers during a year. In 2015, the PRC government raised percentage of down payment and changed the calculation base of business tax concerning transfer of individual housing, pursuant to which, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax. In 2016, such tax policies have been further refined. The Wuhu Housing Provident Fund Management Center (蕪湖市住房公積金管理中心) issued the *Notice on Adjustment of Policies for Housing Provident Fund* (《關於調整住房公積金貸款政策的通知》) in December 2017, imposing restrictions on mortgage loans. It lists out that applications for provident fund loans are prohibited for residents who have paid provident funds in other cities, except for the residents involved in talent-introduction program in Wuhu. In addition, it reduces the maximum amount of second-time provident fund loans.

On February 13, 2017, the Asset Management Association of China issued *Circular 4 of Regulation for Registration Management of Private Asset Management Plan by Securities and Future Institutions* (the "**Circular 4**"). The Circular 4 provides that any private equity and asset management plan that is adopted to make either direct or indirect investment into any ordinary residential property project located in certain PRC cities where the property price rises too fast shall not be filed for a record temporarily. Such cities currently include 16 major cities in the PRC, such as Shanghai, Hefei, Nanjing, Suzhou, Tianjin, Fuzhou, Wuhan and Zhengzhou, and the list of such cities may be updated from time to time in the future according to the relevant regulations of the Ministry of Housing and Urban-Rural Development of the PRC. According to the Circular 4, a private equity and asset management plan shall neither be used to finance any real estate developer, by means of bank entrusted loans, trust plans, or usufruct of transferee assets, for the purpose of paying the price of land grant or supplementing the working capital, nor be used to directly or indirectly facilitate any violation or illegality of various institutions' granting of loans for down payments.

Local governments in Shanghai and Ningbo have introduced further policies to restrain property purchases for specialization purposes and prevent property prices from rising too quickly. Such policies include raising the minimum percentage of down payment of the purchase price, setting the minimum interest rate for personal mortgage loans, setting a credit cap for housing provident fund loans and strictly restricting purchasers from acquiring second and more residential property and selling properties owned for less than five years. The Shanghai Municipal People's Government (上海市人民政府) rolled out further tightening measures to control the residential property market on November 28, 2016, announcing: (i) increased down payment requirements for first-time home buyers from 30% to 35% while the term "first-time home buyers" has been restricted to include only those who do not own any homes in Shanghai, and who have never applied for mortgage loans from either commercial banks or public housing funds; and (ii) residents who do not own a home in Shanghai but who have applied for mortgage loans will be treated as second-home buyers, with an increase in down payment requirements from 30% to 50% (if purchasing ordinary housing) or 70% (if purchasing non-ordinary housing). The General Office of Ningbo Municipal People's Government (寧波市人民政府辦公廳) issued the *Notice on Maintaining and Promoting Smooth Operation of the Real Estate Market in Ningbo* (《關於保持和促進我市房地產市場平穩運行的通知》) on April 24, 2017 imposing restrictions on property purchasing and mortgage loans in certain areas including: (i) local residents with two or more residential properties, non-local residents with one or more residential properties or those fail to prove they have paid taxes or social insurance in Ningbo for one year within two years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to purchase residential properties in the purchasing restricted areas; (ii) increased down payment requirements for first-time home buyers from 20% to 30%; and (iii) increased down payment requirements for second-time home buyers applying for mortgage loans from 30% to 40% in the purchasing restricted areas. The restrictions policies on property purchasing in Ningbo were further strengthened by the local government since October 1, 2017 announcing that non-local residents with one or more residential properties or those who fail to prove they have paid taxes or social insurance in Ningbo for 24 consecutive months within three years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to buy residential properties in the purchasing restricted areas.

On April 1, 2017, the Ministry of Land and Resources and Ministry of Housing and Urban-Rural Development issued the *Circular of the Ministry of Housing and Urban-Rural Development and the Ministry of Land and Resources on Tightening the Management and Control over Intermediate Residential Properties and Land Supply* (《住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知》). To maintain a housing supply-demand balance, cities facing serious demand over supply and overheating market shall increase the supply of housing land, especially for ordinary commercial houses; and cities with excessive housing supply shall reduce or suspend the land supply for housing. All the local governments shall build inspection systems to monitor the source of funds for land acquisition to ensure that the real estate developers use their own legal funds to purchase lands. These measures reduced the transaction volumes in certain major cities in the PRC in the second quarter of 2017.

In 2017, the *Notice on Further Adjustment of Housing Purchases Limitation by General Office of Nanjing Municipal People's Government* (《市政府辦公廳關於進一步調整我市住房限購政策的通知》) was issued. The sales of residential properties to non-first home buyers who are not local residents in Liuhe district, Lishui district and Gaochun district are not allowed. The sales of residential properties to home buyers who own more than one home are not allowed in main districts except Liuhe district, Lishui district and Gaochun district.

The General Office of Anqing Municipal People's Government (安慶市人民政府辦公廳) issued the *Notice on Adjusting Policies Related to Provident Fund Loan* (《關於調整住房公積金貸款政策的意見》) in November 2017 setting limitations on home purchases. For residents who have paid off their first provident fund loan and apply for a second provident fund loan to buy commercial houses, the minimum down payment ratio increases from 30% to 40%. Applications for provident fund loan are prohibited for residents who already have applied for provident fund in other cities.

There is no assurance that the PRC government will relax existing restrictive measures, impose and enhance restrictive measures, or impose other restrictive policies, regulations or measures in the future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs, and any easing measures introduced may also not be sufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

We face intense competition, which may materially and adversely affect our business, results of operation and financial condition.

The property market in Shanghai and other parts of the Yangtze River Delta Region has been highly competitive in recent years. Property developers from the PRC and overseas have entered the property development markets in the region where we have operations and those into which we may enter in the future. Our competitors include overseas listed foreign developers and top-tier domestic developers and they may have better access to resources, in particular financial resources than us. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, temporary local market surpluses in property supply leading to property price declines, and higher costs to attract or retain talented employees, thereby affecting our profitability. If we fail to compete effectively, our business, financial condition, results of operations and prospects may be materially and adversely affected.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

PRC economic, political and social conditions as well as government policies could affect our business.

The economy of the PRC differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

While the PRC economy has grown significantly in the past 30 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also negatively affect our operations. For example, our financial position and results of operations may be adversely affected by the PRC government's control over capital investment or any changes in tax regulations or foreign exchange controls that are applicable to us.

The PRC economy has been transitioning from a planned economy to a market oriented economy. For the past three decades, the PRC government has implemented economic reform measures emphasizing the utilization of market forces in the development of the PRC economy. Many of the economic reforms carried out by the PRC government are unprecedented or experimental and are expected to be refined and improved over time. The PRC economy has grown significantly in recent decades, but there can be no assurance that this growth will continue or continue at the same pace. In addition, demand for our services and our business, financial position and results of operations may be adversely affected by (i) political instability or changes in social conditions in the PRC, (ii) changes in laws, regulations or policies or the interpretation of laws, regulations or policies, (iii) measures which may be introduced to control inflation or deflation, (iv) changes in the rate or method of taxation, and (v) imposition of additional restrictions on currency conversion and remittances abroad.

The PRC legal system has inherent uncertainties that could limit the legal protection available to you.

Our business is conducted in mainland China and is governed by PRC laws and regulations. All of our operating subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is based on written statutes. Prior court decisions are not legally binding and can only be cited as reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies in applying and enforcing such laws. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with a view to developing a comprehensive system of commercial law. However, as these laws and regulations are continually evolving in response to changing economic and other conditions, and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive. In addition, the PRC legal system is based in part on government policies and internal rules, some of which are not published on a timely basis, if at all, and some of which may have a retroactive effect. The PRC may not accord equivalent rights, or protection for such rights, to those that you might expect in countries with more sophisticated real estate laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities. As such, when PRC laws, rules, regulations and policies apply in different parts in the PRC, there may be varying applications and interpretations. Legislation or regulations, particularly for local applications, may be enacted without sufficient prior notice or announcement to the public. Accordingly, we may not be aware of the existence of new legislation or regulations. There is at present no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, certain courts may refuse to make their documentation available for inspection. As a result, the legal protections available to you under the PRC legal system may be limited.

The global financial markets, and therefore PRC markets, have experienced significant slowdown and volatility during the past few years and any continued deterioration may adversely affect our business and results of operations.

The economic slowdown and turmoil in the global financial markets starting in the second half of 2008 have resulted in a general tightening of credit, an increased level of commercial and consumer delinquencies, lack of consumer confidence and increased market volatility. The global economic slowdown has also affected the PRC property market by, among other things, reducing the demand for commercial and residential properties resulting in the reduction of property prices; adversely impacting the purchasing power of potential property purchasers, which may further impact the general demand for properties and cause a further erosion of their selling prices; and negatively impacting the ability of property developers and potential property purchasers to obtain financing.

More recently, global market and economic conditions were adversely affected by the credit crisis in Europe, the credit rating downgrade of the United States and heightened market volatility in major stock markets. In Asia and other emerging markets, some countries are expecting increasing inflationary pressure as a consequence of liberal monetary policy or excessive foreign fund inflow, or both. In the Middle East, Eastern Europe and Africa, political unrest in various countries has resulted in economic instability and uncertainty. To control inflation in the past, the PRC government has imposed control on bank credits, limits on loans for fixed assets and restrictions on state bank lending. Such austerity measures can lead to a slowdown in the economic growth. The PRC economy grew at a slower pace in 2014, 2015, 2016 and 2017 than in previous years, with a yearly real GDP growth of 7.3%, 6.9%, 6.7% and 6.9%, respectively. Recently, there have been growing concerns about the volatility of the Chinese economy and the adjustments of Chinese fiscal policies. For example, after a rapid surge from the second half of 2014 to early June 2015, the Chinese domestic equity markets experienced sharp declines and severe volatility beginning from June 13, 2015. The Chinese government has taken monetary and regulatory measures to stabilize the market, including measures affecting market liquidity, new equity offering pipelines and trading activities of certain market participants. These and other issues resulting from the global economic slowdown and financial market turmoil have adversely impacted, and may continue to adversely impact, home owners and potential property purchasers, which may lead to a decline in the general demand for our properties and erosion of their selling prices. Any further tightening of liquidity in the global financial markets may in the future negatively affect our liquidity. If the global economic and financial market slowdown and volatility continue or become more severe than currently anticipated, or if the PRC economy and financial market continue to slow down, our business, financial condition, results of operations and prospects could be materially and adversely affected.

Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.

Substantially all of our revenue and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends we pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar or U.S. Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. In August 2015, PBOC changed the way it calculates the mid-point price of Renminbi against the U.S. dollar, requiring the market-makers who submit for reference rates to consider the previous day's closing spot rate, foreign exchange demand and supply as well as changes in major currency rates. The value of the Renminbi depreciated against the U.S. Dollar approximately 4.4% in 2015 and 7.2% in 2016, but appreciated against the U.S. Dollar 6.7% in 2017. The value of Renminbi then depreciated approximately 1.7% against the U.S. Dollar in the six months ended June 30, 2018. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar or U.S. Dollar in the future.

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that we will have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from the SAFE. But we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account, however, must be directly reviewed and handled by banks in accordance with the *Circular of the State Administration of Foreign Exchange on Further Simplifying and Improving the Direct Investment-related Foreign Exchange Administration Policies* (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**"), and the SAFE and its branches must perform indirect regulation over the foreign exchange registration via banks. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain adequate foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business may be materially and adversely affected.

The PRC government has implemented restrictions on the ability of PRC property developers to obtain offshore financing which could affect our ability to deploy the funds raised outside of China in our business in the PRC.

On July 10, 2007, SAFE issued the *Circular Regarding the Publication of the List of the First Batch of Foreign-Invested Property Development Projects that Have Filed with MOFCOM* (關於下發第一批通過商務部備案的外商投資房地產項目名單的通知) ("**Circular No. 130**"). On April 28, 2013, SAFE issued the *Measures for the Administration of Foreign Debt Registration* (外債登記管理辦法) ("**Notice No. 19**"). Circular No. 130 and Notice No. 19 stipulate, among other things, (i) that SAFE will no longer process foreign debt registrations and applications for the purchase of foreign exchange submitted by foreign-invested real estate enterprises (including newly established enterprises and enterprises with increased registered capital) which obtained approval certificates from and registered with MOFCOM on or after June 1, 2007; and (ii) that SAFE will no longer process foreign exchange registrations (or amendments of such registrations) or applications for the sale and purchase of foreign exchange submitted by foreign-invested real estate enterprises which obtained approval certificates from the commerce departments of local governments but which had not registered with MOFCOM. These regulations effectively prohibit our ability to fund our PRC subsidiaries by way of shareholder loans.

In addition, equity contributions by us and our non-PRC subsidiaries to our PRC subsidiaries will require approvals from the commerce department of the local government and registration with the MOFCOM, which may take considerable time and delay the actual contribution to the PRC subsidiaries. This may adversely affect the financial condition of the PRC subsidiaries and may cause delays to the development undertaken by such PRC subsidiaries. There can be no assurance that we have obtained or will obtain in a timely manner all relevant necessary approval certificates or registration for all our operating subsidiaries in the PRC to comply with this regulation.

Our investments in the PRC are subject to the PRC government's control over foreign investment in the property sector.

The PRC government has imposed restrictions on foreign investment in the property sector to curtail the perceived over-heating of the property sector by, among other things, increasing the capital and other requirements for establishing foreign-invested real estate enterprises, tightening foreign exchange control on cross-border investment and financing activities and imposing restrictions on purchases of properties in China by foreign persons. Restrictions imposed by the PRC government on foreign investment in the property sector may affect our ability to make further investments in our PRC subsidiaries and as a result may limit our business growth and have a material and adverse effect on our business, results of operations and financial condition.

The implementation of the EIT Law may significantly increase our income tax expenses.

On March 16, 2007, the PRC National People's Congress, Chinese national legislature, adopted a new tax law, the EIT Law, which became effective on January 1, 2008. On December 6, 2007, the State Council issued the *Implementation Regulations of the PRC Enterprise Income Tax Law* (the "**Implementation Regulations**"), which also became effective on January 1, 2008.

Under the EIT Law and Implementation Regulations, if we are deemed to be a non-PRC tax resident enterprise without an office or premises in the PRC, a withholding tax at the rate of 10% will be applicable to any dividends paid to us by our PRC subsidiaries, unless we are entitled to reduction or elimination of such tax, including by tax treaty. According to a tax treaty between the PRC and Hong Kong, dividends paid by a foreign-invested enterprise in China to a shareholder incorporated in Hong Kong will be subject to withholding tax at a rate of 5% if the Hong Kong shareholder directly holds a 25% or more interest in the PRC enterprise. We cannot assure you, however, that the current tax treaties in place between the PRC and Hong Kong will remain in place or that we will continue to be able to enjoy a reduced withholding tax on dividends we receive from our PRC subsidiaries.

We may be deemed as a PRC resident enterprise under the EIT Law and be subject to PRC taxation on our worldwide income.

Under the EIT Law, commencing January 1, 2008, enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the uniform 25% EIT rate as to their global income. Under the Implementation Regulations for the EIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

Substantially all of our management is currently based in China and may remain in China. In April 2009, the PRC State Administration of Taxation promulgated a circular to clarify the definition of "de facto management bodies" for enterprises incorporated overseas with controlling shareholders being onshore enterprises or enterprise groups in China. However, it remains unclear how the tax authorities will explain the regulation. Therefore, we may be treated as a PRC resident enterprise for EIT purposes. The tax consequences of such treatment are currently unclear, as they will depend on how PRC finance and tax authorities apply or enforce the EIT Law and the Implementation Regulations.

We face uncertainty relating to the Public Announcement on Several Issues Concerning Enterprise Income Tax for Indirect Transfer of Assets by Non-Resident Enterprises (《關於非居民企業間接轉讓財產企業所得稅若干問題的公告》) ("SAT Circular No. 7") issued by the PRC State Administration of Taxation.

On February 3, 2015, the PRC State Administration of Taxation issued the SAT Circular No. 7, SAT Circular No. 7 provides comprehensive guidelines relating to indirect transfers by a non-PRC resident enterprise of assets (including equity interests) of a PRC resident enterprise ("**PRC Taxable Assets**"). For example, SAT Circular No. 7 specifies that the PRC tax authorities are entitled to reclassify the nature of an indirect transfer of PRC Taxable Assets, when a non-PRC resident enterprise transfers PRC Taxable Assets indirectly by disposing of equity interests in an overseas holding company directly or indirectly holding such PRC Taxable Assets. The PRC tax authorities may disregard the existence of such overseas holding company and consider the transaction to be a direct transfer of PRC Taxable Assets, if such transfer is deemed to have been conducted for the purposes of avoiding PRC EIT and lack any other reasonable commercial purpose. Although SAT Circular No. 7 contains certain exemptions (including (i) where a non-resident enterprise derives income from the indirect transfer of PRC Taxable Assets by acquiring and selling shares of a listed overseas holding company which holds such PRC Taxable Assets on a public market; and (ii) where there is an indirect transfer of PRC Taxable Assets, if the non-resident enterprise had directly held and disposed of such PRC Taxable Assets, the income from the transfer would have been exempted from PRC EIT under an applicable tax treaty or arrangement), it remains unclear whether any exemptions under SAT Circular No. 7 will be applicable to the transfer of our Shares or to any future acquisition by us outside of the PRC involving PRC Taxable Assets, if such transaction were determined by the tax authorities to lack reasonable commercial purpose. As a result, we may be subject to tax under SAT Circular No. 7 and may be required to expend valuable resources to comply with SAT Circular No. 7 or to establish that we should not be taxed under SAT Circular No. 7, which may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

Failure by our Shareholders or beneficial owners who are PRC residents to make any required applications and filings pursuant to regulations relating to offshore investment activities by PRC residents may prevent us from being able to distribute profits and could expose us and our PRC resident Shareholders to liability under the PRC laws.

The *Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles* (《關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (the "**SAFE Circular No. 37**"), which was promulgated by SAFE and became effective on July 4, 2014, requires a PRC individual resident ("**PRC Resident**") to register with a local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle (the "**Offshore SPV**") that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing. Pursuant to the Circular 13, the aforesaid registration shall be reviewed and handled by the banks, and the SAFE and its branches shall perform indirect regulation over the foreign exchange registration via banks. Following the initial registration, the PRC Resident is also required to make registration for any major change in respect of the Offshore SPV, including, among other things, any major change of a PRC Resident shareholder, name or term of operation of the Offshore SPV, or any increase or reduction of the Offshore SPV's registered capital, share transfer or swap, merger or division. We cannot assure that all of our shareholders who are PRC Residents will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. Failure to comply with the registration procedures of the SAFE Circular No. 37 may result in penalties and sanctions, including the imposition of restrictions on the ability of the Offshore SPV's Chinese subsidiary to distribute dividends to its overseas parent.

Our investment properties are located on land that is under long-term land use rights granted by the PRC government. There is uncertainty about the amount of the land grant premium that we will have to pay and additional conditions that may be imposed if we decide to seek an extension of the land use rights for our investment properties.

Our investment properties are held by us under land use rights granted by the PRC government. Under PRC laws, the maximum term of the land use rights ranges from 40 years to 70 years depending on the land use purpose. Upon expiration, the land use rights will revert to the PRC government unless the holder of the land use rights applies for and is granted an extension of the term of the land use rights.

These land use rights do not have automatic rights of renewal and holders of land use rights are required to apply for extensions of the land use rights one year prior to the expiration of their terms. If an application for extension is granted (and such grant would usually be given by the PRC government unless the land in issue is to be taken back for the purpose of public interests), the holder of the land use rights will be required to, among other things, pay a land grant premium. If no application is made, or if such application is not granted, the properties under the land use rights will be reverted to the PRC government without any compensation. As none of the land use rights granted by the PRC government which are similar to those granted for our investment properties has, as of the Latest Practicable Date, run its full term, there is no precedent to provide an indication of the amount of the land grant premium which we will have to pay and any additional conditions which may be imposed if we decide to seek an extension of the land use rights for our investment properties upon the expiry thereof.

In certain circumstances, the PRC government may, where it considers it to be in the public interest, terminate land use rights before the expiration of the term. In addition, the PRC government has the right to terminate long-term land use rights and expropriate the land in the event the grantee fails to observe or perform certain terms and conditions pursuant to the land use rights grant contracts. If the PRC government charges a high land grant premium, imposes additional conditions, or does not grant an extension of the term of the land use rights of any of our investment properties, our operations could be disrupted, and our business, financial condition and results of operations could be materially and adversely affected.

Natural disasters, acts of war, occurrence of epidemics, and other disasters could affect our business and the national and regional economies in the PRC.

Our business is subject to general economic and social conditions in the PRC. Natural disasters, epidemics such as the human swine flu, also known as Influenza A (H1N1), H5N1 avian flu or severe acute respiratory syndrome ("**SARS**"), the Ebola virus and other natural disasters which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in the PRC. Some regions in the PRC, including certain cities where we operate, are under the threat of flood, earthquake, fire, drought or epidemics. Our business, financial position and results of operations may be materially and adversely affected if natural disasters or other such events occur.

For instance, a serious earthquake and its successive aftershocks hit Sichuan province in May 2008, resulting in tremendous loss of life and injury, as well as destruction of assets in the region. Furthermore, the PRC reported a number of cases of SARS in 2003. Since its outbreak in 2004, there have been reports on occurrences of avian flu in various parts of the PRC, including several confirmed human cases and deaths. Any future outbreak of SARS, avian flu or other similar adverse epidemics may, among other things, significantly disrupt our business. An outbreak of infectious disease may also severely restrict the level of economic activity in affected areas, which in turn may have a material and adverse effect on our business, financial position and results of operations.

We cannot assure you as to whether and when we will pay dividends in the future.

In 2017, we declared dividends of RMB142.0 million to the then shareholders of our subsidiaries and dividends of RMB4.5 million to the non-controlling shareholders of a subsidiary and had paid such dividends as of the Latest Practicable Date. In 2015, we paid a dividend of RMB20.0 million to the then shareholder of one of our subsidiaries. We cannot assure you as to whether and when we will pay dividends in the future. Any future declarations of dividends will be proposed by our Board, and the amount of any dividend will depend on various factors such as our results of operations, financial condition and future business prospects. See "Financial Information – Dividend and Distributable Reserves."

We are a holding company and will rely on dividends paid by the PRC subsidiaries to fund our cash and financing requirements, and any limitation on the ability of the PRC subsidiaries to pay dividends to us could have a material adverse effect on our ability to conduct business.

We are a holding company incorporated in the Cayman Islands and we conduct our business operations primarily through our subsidiaries in China. We will be financially dependent on dividends received from these entities. Therefore, we may face financial difficulties should such entities incur debt or losses affecting their ability to pay us dividends or make other distributions to us.

The PRC laws and regulations require that dividends be paid only out of distributable profits, which are net profit of our PRC subsidiaries as determined in accordance with PRC GAAP or IFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that our PRC subsidiaries are required to make. Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under IFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under IFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our PRC subsidiaries. Failure by our operating subsidiaries in the PRC to pay dividends to us could have a negative impact on our cash flow and our ability to make dividend distributions to our Shareholders in the future, including those periods in which our financial statements indicate that our operations have been profitable.

Furthermore, the PRC subsidiaries may be restricted from making distributions to us due to restrictive covenants contained in agreements, such as bank credit facilities, to which they may be subject. Any of the above factors may affect our ability to pay dividends to our Shareholders and to service our indebtedness, which could materially and adversely affect our ability to conduct business.

RISKS RELATING TO THE GLOBAL OFFERING AND OUR SHARES

There has been no prior public market for our Shares before the Listing and the liquidity and market price of our Shares following the Listing may be volatile.

Before the Listing, there has been no public market for our Shares. The Offer Price for our Shares will be the result of negotiations between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, which may differ from the market prices of our Shares after the Listing. Following the completion of the Global Offering, the Stock Exchange will be the only market on which our Shares are listed. However, there is no assurance that the Listing will result in the development of an active and liquid public trading market for our Shares following the Listing. Following the Global Offering, our Shares may be traded in the public market below the Offer Price. The volume and price at which our Shares will be traded are affected by a number of factors, including (i) changes in senior management; (ii) changes in laws and regulations in the PRC; (iii) general economic conditions in the PRC; and (iv) market perception of our prospects. We cannot assure you that the market price of our Shares will not decline below the Offer Price.

A sale or the expectation of a sale of Shares by our existing Shareholders may have a material adverse effect on our Share price.

Future sale of a substantial number of our Shares by our existing Shareholders after the Listing could materially and adversely affect market prices of our Shares prevailing from time to time. Future sale of substantial amounts of our Shares, including future offerings, or the perception that such sale are likely to occur may also materially and adversely affect the prices of our Shares and our ability to raise capital.

Immediately after the Listing, only a limited number of the Shares currently outstanding will be available for sale as our Controlling Shareholders are subject to a lock-up period. See "Underwriting – Underwriting Arrangements and Expenses – Hong Kong Public Offering – Undertakings Pursuant to the Hong Kong Underwriting Agreement – Undertakings by our Controlling Shareholders." While we are not aware of any intentions of our current Shareholders to dispose of significant amounts of their Shares upon lapse of the lock-up periods, we are not in a position to give any assurance that such disposal will not occur. Future sale of a substantial number of our Shares, or the perception that such sale may occur, could materially and adversely affect the market prices of our Shares and our ability to raise equity capital in the future.

The price of our Shares may fall before trading begins due to the time lag between pricing and trading of the Offer Shares.

The Offer Price will be determined on the Price Determination Date. The Offer Shares will not commence trading on the Stock Exchange until the Listing Date. Investors may not be able to sell or otherwise deal in our Shares during this period between the Price Determination Date and the Listing Date. Accordingly, holders of our Shares bear the risk that the prices of our Shares could fall before trading begins and may be lower than the Offer Price due to adverse market conditions or other adverse developments which may occur between the Price Determination Date and the Listing Date.

The Controlling Shareholders have substantial control over us and their interests may not be aligned with the interests of the other Shareholders.

Immediately following the Completion, the Controlling Shareholders will continue to have substantial control over us. The Controlling Shareholders, by virtue of the controlling beneficial ownership of our share capital, will be able to exercise significant control and exert significant influence over our business or otherwise on matters of significance and other Shareholders by voting at the general meeting of the Shareholders and at Board meetings. The interests of the Controlling Shareholders may differ from the interests of other Shareholders and they are free to exercise their votes according to their interests. To the extent that the interests of the Controlling Shareholders conflict with the interests of other Shareholders, the interests of other Shareholders may be disadvantaged and harmed.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in China or Hong Kong based on foreign laws against us and our Directors and senior management.

We are organized under the laws of the Cayman Islands. As a result, a Shareholder may not be able to enforce a judgment against us or some or all of the Directors and executive officers outside the Cayman Islands. It may not be possible for a Shareholder to effect service of process upon the Directors and executive officers within the Shareholder's country of residence or to enforce against the Directors and executive officers judgments of courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters against the Directors or executive officers who are residents of countries other than those in which judgment is made.

All of our executive Directors and executive officers reside within mainland China, and substantially all of the assets of those persons and substantially all of our assets are located within mainland China. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside mainland China or to enforce against us or them in China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

You may face difficulties in protecting your interests under the laws of the Cayman Islands.

We are a Cayman Islands company and our corporate affairs are governed by, among other things, our Memorandum of Association, Articles of Association, the Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in other jurisdictions. Such differences may mean that the remedies available to the minority Shareholders may be different from those they would have under the laws of other jurisdictions.

Certain facts and statistics in this prospectus relating to the PRC and global economy, the PRC property market may not be fully reliable.

Certain facts and statistics in this prospectus relating to the PRC, the PRC and global economy, the PRC property market have been derived from various official government publications that we generally believe to be reliable. However, there can be no assurance that the quality or reliability of these materials. While the Directors have taken reasonable care in extracting and reproducing such information, they have not been prepared or independently verified by us or the Underwriters or any of our or their respective affiliates or advisors and, therefore, no representation is made as to the accuracy of these facts and statistics, which may not be consistent with other information compiled within or outside China. Due to possibly flawed or ineffective collection methods or discrepancies between government-published information and other market practice, these facts and statistics in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, there can be no assurance that they are stated or compiled by the government on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts and statistics from government official publications with respect to China, the PRC economy and the PRC property market contained in this prospectus.

Investors should read the entire prospectus carefully and should not consider any particular statements in published media reports without carefully considering the risks and other information contained in this prospectus.

There may be coverage in the media regarding our operations. There had been, prior to the publication of this prospectus, and there may be, subsequent to the date of this prospectus but prior to the Listing, press and media coverage regarding us, which contained, among other matters, certain financial information, projections, valuations and other forward-looking information about us. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should read the entire prospectus carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this prospectus to make investment decisions about us.

Forward-looking statements contained in this prospectus are subject to risks and uncertainties.

This prospectus contains certain statements that are "forward-looking" and uses forward looking terminology such as "anticipate," "believe," "expect," "may," "plan," "consider," "ought to," "should," "would" and "will." Those statements include, among other things, the discussion of our growth strategy and the expectations of our future operations, liquidity and capital resources. Investors of the Shares are cautioned that reliance on any forward-looking statement involves risk and uncertainties and that, any or all of those assumptions could prove to be inaccurate and as a result, the forward-looking statements based on those assumptions could also be incorrect. The uncertainties in this regard include those identified in the risk factors discussed above. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations or warranties by us that our plans and objectives will be achieved, and these forward-looking statements should be considered in light of various important factors, including those set forth in this section. We do not intend to update these forward looking statements in addition to our on-going disclosure obligations pursuant to the Listing Rules or other requirements of the Stock Exchange. Investors should not place undue reliance on such forward-looking information.

In preparation for the Global Offering, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules.

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of our executive Directors must be ordinarily resident in Hong Kong. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC operating subsidiaries; (i) our entire revenue is generated from the PRC; and (ii) none of our executive Directors is a Hong Kong permanent resident or is ordinarily based in Hong Kong and they will continue to be based in the PRC after Listing. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint an additional executive Director who is ordinarily resident in Hong Kong or to relocate its existing PRC based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules, subject to the condition that the following measures and arrangements are made for maintaining regular and effective communication with the Stock Exchange:

(i) we have appointed two authorized representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorized representatives of our Company are Mr. Yang Yongwu (楊永武) ("**Mr. Yang**"), our executive Director and joint company secretary, and Ms. So Shuk Yi Betty (蘇淑儀) ("**Ms. So**"), our joint company secretary, who is an ordinary resident in Hong Kong;

(ii) any meeting between the Stock Exchange and our Directors will be arranged through the authorized representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. We will inform the Stock Exchange promptly in respect of any changes in our authorized representatives and our compliance advisor;

(iii) each of the authorized representatives of our Company will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email. Each of the authorized representatives of our Company is authorized to communicate on behalf of our Company with the Stock Exchange;

(iv) each of the authorized representatives of our Company has means to contact all members of the Board (including the independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matters. To enhance the communication between the Stock Exchange, the authorized representatives and our Directors, we have implemented a policy that (a) each Director will provide his respective office phone number, mobile phone number, facsimile number and email address to the authorized representatives and (b) each Director and authorized representative will provide, if available, his respective office phone number, mobile phone number, facsimile number and email address to the Stock Exchange. In the event that a Director expects to travel or is out of the office, he will provide the phone number of the place of his accommodation or other means of communication to our authorized representatives;

(v) our Directors, who are not ordinarily resident in Hong Kong, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to come to Hong Kong and, when required, meet with the Stock Exchange upon reasonable notice;

(vi) we have, in compliance with Rule 3A.19 of the Listing Rules, appointed First Shanghai Capital Limited as our compliance advisor who will, among other things, in addition to the two authorized representatives of our Company, act as our additional channel of communication with the Stock Exchange for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. First Shanghai Capital Limited will have full access at all times to the two authorized representatives of our Company and our Directors; and

(vii) we will also retain legal advisors to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong after Listing.

APPOINTMENT OF JOINT COMPANY SECRETARIES

Pursuant to Rule 8.17 of the Listing Rules, an issuer must appoint a company secretary who satisfies Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that an issuer must appoint as its company secretary an individual who, by virtue of his or her academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of a company secretary.

We have appointed Mr. Yang and Ms. So as joint company secretaries of our Company. Mr. Yang has extensive knowledge about our business operations and corporate culture and has extensive experience in matters concerning the Board and our corporate governance. By virtue of Mr. Yang's experience and familiarity with our Group, we believe Mr. Yang is capable of discharging the duties as a joint company secretary of our Company and is a suitable person to act as one of our joint company secretaries.

Since Mr. Yang does not possess the requisite professional qualifications required of a company secretary under Note 1 to Rule 3.28 of the Listing Rules, we have sought and obtained from the Stock Exchange a waiver from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules such that Mr. Yang may be appointed as our company secretary. The waiver was granted for a three-year period on the condition that we engage Ms. So, who possesses the requisite qualification and experience as required under Rule 3.28 and 8.17 of the Listing Rules, as another joint company secretary to assist Mr. Yang in the discharge of his duties as our joint company secretary and in gaining the relevant experience as required under Rule 3.28 of the Listing Rules. Such waiver will be revoked immediately if and when Ms. So ceases to provide such assistance. It is anticipated that Mr. Yang will gain further relevant experience with the assistance of Ms. So. Upon expiry of such three-year period, we will evaluate the then experience of Mr. Yang in order to determine whether the requirements as stipulated in Rules 3.28 and 8.17 of the Listing Rules can be satisfied at the time and on-going assistance would be needed. The expectation is that we should then endeavor to demonstrate to the satisfaction of the Stock Exchange that Mr. Yang, having had the benefit of Ms. So's assistance for three years, would then have acquired the "relevant experience" within the meaning of Rule 3.28 of the Listing Rules so that a further waiver would not be necessary.

For further details about the biographies of Mr. Yang and Ms. So, please see "Directors and Senior Management" in this prospectus.

EQUITY INTEREST ACQUIRED OR TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and 4.04(4)(a) of the Listing Rules require that a new listing applicant, amongst other things, to include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited financial statements of the issuer have been made up in respect of each of the three financial years immediately preceding the issue of this prospectus or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years (the "**Relevant Requirements**").

After the Track Record Period, in order to expand our business, we have acquired or entered into agreements to acquire equity interest in certain companies that possess or have the rights to acquire land use rights for certain lands (the "**Target Companies**") as set out below (the "**Acquisitions**"):

	Target Company	Principal business activities	Percentage of equity interest acquired/to be acquired and status of the acquisition	Approximate consideration to be paid/paid for the acquisition[1]	Date of completion of the acquisition/expected date of completion of the acquisition
(i)	Jurong City JinJiarun Real Estate Development Co., Ltd. (句容市金嘉潤房地產開發有限公司)	Property development	23% equity interest to be acquired pursuant to a cooperation agreement signed on June 20, 2018	RMB65,522,400	December 2018
(ii)	Changzhou Yilong Real Estate Development Co., Ltd. (常州億隆房地產開發有限公司) ("**Changzhou Yilong**")	Property development	Acquisition of 34% equity interest was completed in June 2018	RMB133,830,800	June 2018
(iii)	Ningbo Xinyuan Dahushan Property Co., Ltd. (寧波鑫遠達湖山置業有限公司) ("**Ningbo Xinyuan**")	Property development	Acquisition of 30% equity interest was completed in July 2018	RMB26,190,000	July 2018
(iv)	Yixing Lianghui Property Co., Ltd. (宜興市梁輝置業有限公司) ("**Yixing Lianghui**")	Property development	Acquisition of 51% equity interest was completed in July 2018	RMB133,620,000	July 2018
(v)	Anji Rongshang Real Estate Co., Ltd. (安吉融尚房地產有限公司)	Property development	25.3% equity interest to be acquired pursuant to a framework cooperation agreement signed on June 22, 2018	RMB60,340,500	December 2018
(vi)	Changshu Hongyang Zhengfa Real Estate Development Co., Ltd. (常熟弘陽正發房地產開發有限公司)	Property development	34% equity interest to be acquired pursuant to a cooperation agreement signed on August 9, 2018	RMB39,372,000	January 2019

Note:

(1) The consideration for each Acquisition represents the amount we are obliged to pay pursuant to each cooperation agreement we entered into, mainly the relevant land premium.

For further information in relation to the Acquisitions, please see "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies."

In such circumstance, we have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the Relevant Requirements on the following grounds:

(i) The Group had entered into the Acquisitions in its ordinary and usual course of business and on normal commercial terms

The Group had entered into the Acquisitions in its ordinary and usual course of business and on normal commercial terms. The purpose of the Acquisitions was to obtain the interest in the land held or to be held by the Target Companies. It is a normal practice in the PRC for real estate companies to acquire land interest through acquiring the company holding the interest of the land. The considerations for the Acquisitions were mainly determined by the value of the land instead of the financial results of the Target Companies.

(ii) Exemption would not prejudice the interests of the investing public

(a) The Acquisitions are de minimus as each of the asset ratio, profits ratio and revenue ratio relating to each of the Acquisitions by reference to the latest audited financial statements (i.e. the four months ended April 30, 2018) is less than 5%.

(b) Accordingly, the Acquisitions, in particular considering that almost all the Target Companies have not carried out any significant business operations since their incorporation in 2018, have not resulted in any significant change to the financial position of the Group since April 30, 2018 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of the Group has been included in this prospectus. As such, an exemption from compliance with the Relevant Requirements would not prejudice the interests of the investing public.

(iii) Limited historical financial information of the Target Companies is available

As the acquisitions of equity interests in Changzhou Yilong, Ningbo Xinyuan and Yixing Lianghui were only completed recently and none of the other Acquisitions has been completed, it is expected that a substantial amount of time shall be required before the Group can have full access to all the historical financial information of the Target Companies and to prepare the accounts to satisfy the Relevant Requirements.

(iv) It would be impracticable to the Company to include the accounts required by the Relevant Requirements in this prospectus

As all of the Target Companies were established in April 2018 or later and the Company does not have sufficient information to prepare the historical financial information of the Target Companies, it would be impracticable to the Company and the Shareholders as a whole to require the Company to prepare the accounts required by the Relevant Requirements for inclusion in this prospectus.

(v) Alternative information will be provided in this prospectus

Having regard to the guidance under the Guidance Letter HKEx-GL32-12 issued by the Stock Exchange, save and except for the financial information of the Target Companies, the Company has provided in this prospectus alternative information in connection with the Acquisitions that would be required for a discloseable transaction under Chapter 14 of the Listing Rules in order to compensate for the non-inclusion of historical financial information of the Target Companies. Please see "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies" for more details.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information with regard to the Group. Our Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which is part of the Global Offering. For applications under the Hong Kong Public Offering, this prospectus and the Application Forms contain the terms and conditions of the Hong Kong Public Offering. Details of the terms of the Global Offering are described in "Structure of the Global Offering."

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, agents, employees or advisers or any party involved in the Global Offering.

Details of the structure of the Global Offering, including its conditions, are set out in "Structure of the Global Offering," and the procedures for applying for the Hong Kong Offer Shares are set out in "How to Apply for Hong Kong Offer Shares" and in the relevant Application Forms.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, create any implication that there has been no change in our affairs since the date of this prospectus or that the information in this prospectus is correct as of any subsequent time.

UNDERWRITING

The Listing is sponsored by the Sole Sponsor. Pursuant to the Hong Kong Underwriting Agreement, the Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis, with one of the conditions being that the Offer Price is agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and the Company. The International Offering is managed by the Sole Global Coordinator and is expected to be underwritten by the International Underwriters. The International Underwriting Agreement is expected to be entered into on or about the Price Determination Date, subject to agreement on the Offer Price between the Company and the Sole Global Coordinator, for itself and on behalf of the other Underwriters. If, for any reason, the Offer Price is not agreed between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before the Price Determination Date, or such later date or time as may be agreed between the Sole Global Coordinator (for itself or on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse. Further details of the Underwriters and the underwriting arrangements are set out in "Underwriting."

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be fixed by agreement between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, October 4, 2018 or such later time as may be agreed between the parties, but in any event no later than Tuesday, October 9, 2018.

If, for any reason, the Sole Global Coordinator, on behalf of the Underwriters, and our Company are unable to reach an agreement on the Offer Price by Tuesday, October 9, 2018, the Global Offering will not become unconditional and will lapse immediately.

RESTRICTIONS ON OFFER AND SALE OF OFFER SHARES

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares were not under public offering or sale, directly or indirectly, in the PRC or the U.S.

Prospective applicants for the Offer Shares should consult their financial advisers and seek legal advice, as appropriate, to inform themselves of, and to observe, all applicable laws, rules and regulations of any relevant jurisdiction. Prospective applicants for the Offer Shares should also inform themselves as to the relevant legal requirements and any applicable exchange control regulations and applicable taxes in the countries or their respective citizenship, residence or domicile.

Each person acquiring the Offer Shares under the Hong Kong Public Offering will be required to, or be deemed by his acquisition of the Offer Shares to, confirm that he is aware of the restrictions on offers and sales of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered any Offer Shares in circumstances that contravene any such restrictions.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in, the Shares in issue and to be issued by us pursuant to the Capitalization Issue and the Global Offering and additional Shares which may be issued upon the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme.

No part of equity or debt securities of the Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, the Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to the Company by the Stock Exchange.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or on any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

REGISTER OF MEMBERS AND STAMP DUTY

The principal register of members of the Company will be maintained by its Principal Share Registrar, Walkers Corporate Limited, in the Cayman Islands and the branch register of members of the Company will be maintained by the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. All Shares to be issued pursuant to the Global Offering and any Shares to be issued upon exercise of the Over-allotment Option or any option which may be granted under the Share Option Scheme will be registered on the branch register of members of the Company in Hong Kong. Only Shares registered on the branch register of members of the Company in Hong Kong may be traded on the Stock Exchange.

No stamp duty is payable by applicants in the Global Offering.

Dealings in our Shares registered in the branch register of members of the Company in Hong Kong will be subject to Hong Kong stamp duty. The current rate of stamp duty in Hong Kong is 0.2% of the consideration or, if higher, the market value of our Shares being sold or transferred.

Unless determined otherwise by the Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on the Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named Shareholder therein in accordance with the Articles of Association.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers as to the taxation implications of subscribing for, purchasing, holding or disposal of, and/or dealing in the Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, or dealing in, the Shares or exercising any rights attached to, the Shares.

OVER-ALLOTMENT AND STABILIZATION

Details of the arrangement relating to the Over-allotment Option and stabilization are set out in "Structure of the Global Offering."

COMMENCEMENT OF DEALINGS IN THE SHARES

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, October 11, 2018, it is expected that dealings in the Shares on the Main Board of the Stock Exchange will commence at 9:00 a.m. on Thursday, October 11, 2018. Shares will traded in board lots of 1,000 Shares each.

The stock code of the Shares is 6111.

The Company will not issue any temporary documents of title.

Dealings in the Shares on the Stock Exchange will be effected by participants of the Stock Exchange whose bind and offer quotations will be made available on the Stock Exchange's teletext page information system. Delivery and payment for the Offer Shares dealt on the Stock Exchange will be effected two trading days following the transaction date ("**T+2**"). Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading date. Only certificates for the Shares registered on the branch register of members of the Company in Hong Kong will be valid for delivery in respect of transactions effected on the Stock Exchange. If you are unsure about the procedures for dealings and settlement arrangement on the Stock Exchange on which the Shares are listed and how such arrangements will affect your rights and interests, you should consult your stockbroker or other professional advisors.

CSRC APPROVAL AND OTHER RELEVANT PRC AUTHORITIES APPROVAL

The Listing does not require the approval of the CSRC or any other PRC government authorities under the current PRC laws, rules and regulations.

LANGUAGE

If there is any inconsistency between this prospectus and the Chinese translation of this prospectus, this prospectus shall prevail. However, the English names of the PRC nationals, entities, departments, facilities, certificates, titles, laws, regulations and the like are translations of their Chinese names and are included for identification purposes only. If there is any inconsistency. The Chinese name prevails.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in RMB have been translated, for the purpose of illustration only, into Hong Kong Dollar in this prospectus at the following exchange rate: HK$1.00: RMB0.8740, the middle rate set by the PBoC for foreign exchange transactions prevailing on September 19, 2018, the Latest Practicable Date.

No representation is made that any amounts in RMB were or could have been or could be converted into Hong Kong Dollars at such rate or any other exchange rates on such date or any other date.

ROUNDING

Certain amounts and percentages figures included in this prospectus have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures proceeding them.

OTHER

Unless otherwise specifies, all references to any shareholdings in our Company following the completion of the Global Offering assume that the Over-allotment Option is not exercised.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Ge Yiyang (葛一暘)	12 All Saints 22 Darley Road Eastbourne United Kingdom	British
Mr. Liao Lujiang (廖魯江)	Room 1602, No. 2, Lane 786 Pucheng Road Shanghai the PRC	Chinese
Mr. Chi Jingyong (池淨勇)	Room 1201 No. 6, Lane 1727 North Sichuan Road Shanghai the PRC	Chinese
Mr. Yang Yongwu (楊永武)	Room 1301, Building No. 3 Ren Zhai Qian Tower West Ren Min Road Lai Fu Men Community Song Tai Street Lucheng District Wenzhou, Zhejiang Province the PRC	Chinese
Independent Non-Executive Directors		
Mr. Gu Jiong (顧炯)	A28-2 Jianian Villa No. 3333 Hongmei Road Minhang District Shanghai the PRC	Chinese
Mr. Sun Bing (孫冰)	Room 1601, No. 2 Lane 435 Xietu Road HuangPu District Shanghai the PRC	Chinese
Mr. Fok Ho Yin Thomas (霍浩然)	Flat B, 57/F, Block 2 Banyan Garden 863 Lai Chi Kok Road Lai Chi Kok, Kowloon Hong Kong	Chinese

Further information is disclosed in the section headed “Directors and Senior Management” in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
Sole Global Coordinator	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
Joint Bookrunners	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **First Capital Securities Limited** Unit 4512, 45/F, The Center 99 Queen's Road Central Central Hong Kong **Yuanyin Securities Limited** Room 2201, 22/F 238 Des Voeux Road Central Hong Kong
Joint Lead Managers	**CCB International Capital Limited** 12/F., CCB Tower 3 Connaught Road Central Central Hong Kong **CMB International Capital Limited** 45/F, Champion Tower 3 Garden Road Central Hong Kong **First Capital Securities Limited** Unit 4512, 45/F, The Center 99 Queen's Road Central Central Hong Kong

Yuanyin Securities Limited
Room 2201, 22/F
238 Des Voeux Road Central
Hong Kong

SSIF Securities Limited
Unit A 29/F
Admiralty Center Tower 1
18 Harcourt Road
Admiralty
Hong Kong

Head & Shoulders Securities Limited
Room 2511, 25/F
Cosco Tower
183 Queen's Road Central
Hong Kong

Co-Lead Manager

Pacific Foundation Securities Limited
11/F, New World Tower II
16-18 Queen's Road Central
Hong Kong

Legal Advisors to our Company

As to Hong Kong law and United States law
Paul Hastings
21-22/F, Bank of China Tower
1 Garden Road
Hong Kong

As to PRC law
Jingtian & Gongcheng
45/F, K.Wah Centre
1010 Huaihai Road (M)
Xuhui District
Shanghai
the PRC

As to Cayman Islands law
Walkers
15th Floor, Alexandra House
18 Chater Road, Central
Hong Kong

Legal Advisors to the Sole Sponsor and the Underwriters	*As to Hong Kong law and United States law* **Sidley Austin** 39/F, Two International Finance Centre 8 Finance Street Central Hong Kong *As to PRC law* **Commerce & Finance Law Offices** 6F, NCI Tower A12 Jianguomenwai Avenue Beijing the PRC
Auditors and Reporting Accountants	**Ernst & Young** 22/F, CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Compliance Advisor	**First Shanghai Capital Limited** 19/F, Wing On House 71 Des Voeux Road Central Central Hong Kong
Industry Consultant	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong
Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 6/F, Three Pacific Place 1 Queen's Road East Hong Kong
Receiving Bank	**Bank of China (Hong Kong) Limited** Bank of China Tower 1 Garden Road Central Hong Kong

Registered Office	The offices of Walkers Corporate Limited Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Headquarters and Principal Place of business in the PRC	No. 2, Lane 1188 Shenhong Road Minhang District Shanghai the PRC
Place of business in Hong Kong registered under Part 16 of the Companies Ordinance	40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Company's Website	**www.dafaland.com** *(the information contained on the website does not form part of this prospectus)*
Joint Company Secretaries	**Mr. Yang Yongwu** Room 1301, Building No. 3 Ren Zhai Qian Tower, West Ren Min Road Lai Fu Men Community, Song Tai Street Lucheng District Wenzhou, Zhejiang Province the PRC **Ms. So Shuk Yi Betty** 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong *(an associate member of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators)*

Authorized Representatives	**Mr. Yang Yongwu** Room 1301, Building No. 3 Ren Zhai Qian Tower, West Ren Min Road Lai Fu Men Community, Song Tai Street Lucheng District Wenzhou, Zhejiang Province the PRC
	Ms. So Shuk Yi Betty 40th Floor, Sunlight Tower No. 248 Queen's Road East Wanchai Hong Kong
Audit Committee	Fok Ho Yin Thomas (霍浩然) *(Chairman)* Sun Bing (孫冰) Gu Jiong (顧炯)
Remuneration Committee	Sun Bing (孫冰) *(Chairman)* Fok Ho Yin Thomas (霍浩然) Gu Jiong (顧炯) Liao Lujiang (廖魯江) Yang Yongwu (楊永武)
Nomination Committee	Ge Yiyang (葛一暘) *(Chairman)* Yang Yongwu (楊永武) Fok Ho Yin Thomas (霍浩然) Sun Bing (孫冰) Gu Jiong (顧炯)
Principal Share Registrar and Transfer Office	**Walkers Corporate Limited** Cayman Corporate Centre 27 Hospital Road George Town Grand Cayman KY1-9008 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

Principal Banks

Ping An Bank Co., Ltd. Nanjing Branch
1/F, Hetai Mansions
No. 128, Shanxi Road
Gulou District
Nanjing, Jiangsu
PRC

Shanghai Pudong Development Bank Co., Ltd. Wenzhou Wuma Sub-Branch
No. 92, East Renmin Road
Wenzhou, Zhejiang
PRC

Bank of Jiangsu Co., Ltd. Shenzhen Branch
1/F, 2/F, 3/F and 20/F, Hong Kong CTS Building
Intersection of Shennan Road and Yitian Road
Futian District, Shenzhen
PRC

Ping An Bank Co., Ltd. Wenzhou Branch
8/F, Hengha Building
No. 1707, Wenzhou Avenue
Wenzhou, Zhejiang
PRC

China CITIC Bank Corporation Limited Nanjing Branch
CITIC Plaza
No. 348, Zhongshan Road
Nanjing, Jiangsu
PRC

China Minsheng Banking Corp., Ltd. Ningbo Branch
No. 815, Juxian Road
Yinzhou District
Ningbo, Zhejiang
PRC

The information and statistics set out in this section have been extracted and derived from various official government publications, publicly available sources and private publications, unless otherwise indicated. We believe that the sources of this information and statistics are appropriate sources for such information and statistics and reasonable care has been exercised by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Sponsor, the Underwriters or our or their respective directors, advisors and affiliates, other than the Industry Consultant, have independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, or our or their respective directors and advisors or any other parties involved in the Listing makes any representation as to the accuracy and completeness of such information and statistics. As such, the official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the PRC economy when you evaluate the information contained in this section.

SOURCE OF INFORMATION

In connection with the Global Offering, we have engaged Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an Independent Third Party, to conduct a study relating to the property markets of the PRC and selected cities in China including Shanghai, Nanjing, Ningbo, Wenzhou, Zhoushan, Anqing, Wuhu, Hefei, Wuhan, Xi'an, Guangzhou and Chengdu. JLL is an international real estate consultancy group which provides a range of services including valuation and consultancy for occupiers, investors and developers across all sectors of the real estate market. JLL has licensed offices in Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu in China, as well as Hong Kong, Singapore and so on in Asia.

For the purpose of the Global Offering, JLL also serves as our property valuer. A property valuation report prepared by JLL relating to our property interests is included in Appendix III to this prospectus. JLL provides industry consulting and property valuation services through two business teams which are independent from each other. The Industry Overview was prepared primarily by the designated market research team of JLL based on data collected from various government publications, site visits and interviews, the proprietary database of JLL, as well as the CREIS China Index Database (CREIS中指數據庫), on relevant property markets. The CREIS China Index Database (CREIS中指數據庫) is developed by the China Index Academy (中國指數研究院). China Index Academy (中國指數研究院), an Independent Third Party, is a renowned Chinese property research institution which was integrated in 2004 from a number of China research resources, including the China Real Estate Index System (中國房地產指數系統), Soufun Research Institute (房天下研究院), China Villa Index System (中國別墅指數系統) and Top 10 China Real Estate Research Group (中國房地產TOP10研究組). The database has been widely used and relied upon by the PRC property industry.

It is a general market practice to adopt official data and announcements from various Chinese government agencies, and JLL understands the collection methodology and data sources of the data in the proprietary database of JLL and the subscribed database from the China Index Academy. As such, JLL adopted the above sources of information and considered them reliable.

While preparing this section, JLL had relied on the following assumptions: (i) all land transaction records and contracted average selling prices of select projects provided by the Company were true and correct; (ii) all published data by the Statistics Bureaus were true and correct; (iii) all collected information relating to residential sales transactions from relevant local housing administrative bureaus were true and correct; (iv) all land transaction records collected from the Land Resources Administrative Bureaus were true and correct; and (v) where subscribed data were obtained from renowned public institutions, JLL had relied upon the apparent integrity and expertise of such institutions. JLL had not verified the accuracy of such information or reports, and assumed no responsibility for their accuracy.

We have agreed to pay JLL a total fee of RMB210,000 for the preparation of the Industry Report. The payment of such amount is not contingent upon the success of the Listing or the findings of the Industry Report. We believe the payment is in line with the market rate for such report.

Our Directors, upon taking reasonable care, confirm that there have been no adverse changes in the market information since the Latest Practicable Date which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE PRC ECONOMY

The PRC's nominal GDP has increased from RMB48,930 billion in 2011 to RMB82,712 billion in 2017. Over the same period, the GDP per capita increased at a CAGR of 8.6% demonstrating a significant increase in the purchasing power of the population. Fixed asset investment rose at a CAGR of 12.8% from 2011 to 2017.

The table below sets forth selected economic indicators of the PRC for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	1,347	1,354	1,361	1,368	1,375	1,383	1,390	0.5%
Nominal GDP (RMB billion)	48,930	54,037	59,524	64,397	68,905	74,359	82,712	9.1%
Real GDP growth rate (%)	9.5	7.7	7.8	7.3	6.9	6.7	6.9	7.5%*
GDP per capita (RMB)	36,403	40,007	43,852	47,203	50,251	53,935	59,660	8.6%
Fixed asset investment (RMB billion)	31,149	37,470	44,629	51,202	56,200	60,647	64,124	12.8%

*Sources: China Statistical Yearbook (2012-2017), National Bureau of Statistics of China ("**NBS**")*

Note: * is the arithmetic mean

OVERVIEW OF THE REAL ESTATE MARKET IN THE PRC

Key Growth Drivers of the Real Estate Market in the PRC

Further Development of Metropolitan Clusters

China has already formed three well-developed metropolitan clusters, namely, the Beijing-Tianjin-Hebei Region, the Yangtze River Delta Region and the Pearl River Delta Region, the GDP of these three major metropolises accounted for approximately 36.3% of the total GDP in China in 2016. These metropolitan clusters will further improve the coordinated development between regions and the growth of urban population.

Accelerating Urbanization

The urbanization in the PRC reached 58.5% in 2017. According to the *National Plan on New Urbanization (2014-2020)* (《國家新型城鎮化規劃(2014-2020年)》), the urbanization of the PRC is expected to reach 60% by 2020. It is expected that the rapid growth of urban population will bring about upgrading consumption demand for investment in urban infrastructure and real estate market.

Increase in Disposable Income and Expenditure of Urban Residents

Per capita disposable income of urban residents increased at a CAGR of 8.9% while per capita consumption expenditure of urban residents increased at a CAGR of approximately 8.3% from 2011 to 2017. In response to the growing disposable income, domestic consumption and investment in real estate market increased.

Government's Encouragement in Rebuilding the Urban Shanty Towns

In recent years, the PRC continuously reinforce efforts in rebuilding shanty towns in urban areas, housing units were rebuilt in urban shanty towns at a CAGR of 4.5% from 2011 to 2017. Taking into consideration of these people's demand for improving their housing situation and relatively high purchasing power, the real estate market in the PRC will be greatly promoted.

Real Estate Market in the PRC

Real estate market in the PRC had undergone relatively rapid growth in recent years driven by such drivers as accelerating urbanization, increasing disposable income, etc. which encouraged the demand for the domestic residential and retail properties. Real estate investment in residential properties and retail properties grew at CAGRs of 9.2% and 13.2% respectively from 2011 to 2017.

However, the large inventory of properties resulted in structural surplus in recent years. In order to ease the contradiction between supply and demand, the PRC government implemented a series of macro regulation policies in 2015 to put constraints on the property market. Despite a moderate decline in GFA of residential properties under construction and completed since 2015, GFA of residential properties sold grew with a CAGR of approximately 7.0%, and average price of residential properties increased with a CAGR of 7.3% from 2011 to 2017. For the retail properties, all the indicators turned out to be relatively positive.

The table below sets forth selected indicators of the real estate market in the PRC for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	6,180	7,180	8,601	9,504	9,598	10,258	10,980	10.1%
Real estate investment in residential properties (RMB billion)	4,432	4,937	5,895	6,435	6,460	6,870	7,515	9.2%
Real estate investment in retail properties (RMB billion)	742	931	1,194	1,435	1,461	1,584	1,564	13.2%
GFA of residential properties completed (million sq.m.)	743	790	787	809	738	772	718	-0.6%
GFA of retail properties completed (million sq.m.)	90	102	109	121	120	125	127	5.9%
GFA of residential properties sold (million sq.m.)	965	985	1,157	1,052	1,124	1,375	1,448	7.0%
GFA of retail properties sold (million sq.m.)	79	78	85	91	93	108	128	8.4%
Average price of residential properties (RMB per sq.m.)	4,993	5,430	5,850	5,933	6,472	7,203	7,614	7.3%
Average price of retail properties (RMB per sq.m.)	8,488	9,021	9,777	9,817	9,566	9,786	N/A	2.9%*

Sources: China Statistical Yearbook (2012-2017), NBS

Note: * is calculated based on the data from 2011 to 2016

Real Estate Policies in the PRC

In response to the national over-heating phenomenon in the PRC's real estate market over the past few years, all regions and relevant government agencies in the PRC have released a variety of regulation policies strengthening control on the market. However, some of the restrictive policies and measures seem to be relaxed to a certain extent recently. See "Regulatory Overview" in this prospectus.

Competition in the Real Estate Market in the PRC

Both the national and regional real estate markets in the PRC are highly fragmented and competitive. The major competitors of the Company are those national, regional and local real estate developers with fine brand recognition and reputation in the cities where the Company and its subsidiaries have operation or intend to enter in. The Company mainly competes with other experienced real estate developers over brand recognition, financial resources, size and location of land reserves, pricing, etc. The national competitors benefit from their large operation scales and rich financial resources while the regional and local ones enjoy the brand reputation and customer loyalty established by their creative property products and appropriate pricing. There are also certain barriers for the new market entrants including the capital, product, operational scale, etc.

Despite the current overall macro regulation, further development of urbanization and government's encouragement in rebuilding the urban shanty towns across such areas as Jiangsu, Zhejiang and Anhui provinces will create larger demand for upgraded residential and retail properties resulting in more furious competition among real estate developers, and only those with qualified products and wise pricing strategies can perform best.

The Company's Position in the PRC's Real Estate Market

The Company holds a grade one real estate development qualification. The Company has a total GFA of completed properties and properties under development of over 2.0 million sq.m. as of June 30, 2018, covering Shanghai and the major second-tier and third-tier cities mainly in the Yangtze River Delta Region. During the past years, the Company has been growing dramatically. Based on the comprehensive performance, the Company has been awarded as one of the "Top 100 Real Estate Developer in China" for several times and ranked 98th in 2018 according to the Enterprise Research Institute of Development Research Center of the State Council (國務院發展研究中心企業研究所), Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy (中國指數研究院), and it is also ranked among the 2017 top 10 brands of east China real estate companies according to the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

The Company's main business of residential property development grows rapidly during the past years. In the cities where it had entered for a long period like Anqing, Nanjing and Wenzhou cities, the Company holds its advantage even compared with the national famous real estate developers through qualified residential products and high customer loyalty, and ranks one of the tops in sales performance in these cities. For example, according to the CREIS China Index Database (CREIS中指數據庫) and the Company's operational data, the Company accounted for approximately 7.4% of the real estate market in Anqing in terms of GFA of residential properties sold in 2017, where the Company had conducted business for long term. While further concentrating on the existed familiar markets, the Company expands its operation scale by increasing land stock in such promising cities as Shanghai, Ningbo, Zhoushan and Wuhu trying hard to earn more market shares and brand reputation by creative residential products and appropriate pricing, where the large purchasing powers of residential properties ensured by the stable economic development and vigorous rebuilding of the urban shanty towns.

The real estate market in the PRC especially those cities located in the flourished metropolitan clusters still has great growing potential. The Company is confident in its outstanding knowledge and experience in property development, favourable brand reputation, high product quality and expertised management team, and is able to respond effectively to the challenges in the PRC property market.

OVERVIEW OF REAL ESTATE MARKET OF SELECTED CITIES IN THE PRC

The Company has mainly established its operation in the Yangtze River Delta Region covering Shanghai, Nanjing, Ningbo, Wenzhou, Zhoushan, Anqing and Wuhu, which are the flourished cities for real estate investment in the PRC.

The State Council of the PRC ratified the *Development Plan of Urban Agglomeration in the Yangtze River Delta* (《長江三角洲城市群發展規劃》) in May 2016 announcing that there would be altogether 26 cities in Shanghai, Zhejiang Province, Jiangsu Province and Anhui Province included in the world-class urban agglomerations covering such city members as Nanjing, Anqing, Wuhu, Ningbo, Zhoushan, etc. It is expected that the difference between Jiangsu and Zhejiang provinces will be further narrowed, and Anhui Province is involved to quickly construct the coupling mechanism of the Yangtze River Delta Region urban agglomeration.

According to the Company's strategy, it will deepen its penetration in the above seven cities in the Yangtze River Delta Region and seeking opportunities in other cities including Hefei of the Yangtze River Delta Region, Guangzhou of southern China, Wuhan of central China, Xi'an of northwestern China and Chengdu of southwestern China. All of the above cites are characterized with well-developed transportation system, solid economic foundation and high purchasing power, and have been planned as the eight national level cities clusters by the State Council in 2018 with expectation of further development in both economy and real estate market.

Cities the Company Has Conducted Business

Shanghai City

Its nominal GDP increased at a CAGR of 7.8% from 2011 to 2017. Per capita disposable income of urban residents increased with a CAGR of 9.5% from 2011 to 2017.

The table below sets forth selected economic indicators of Shanghai City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	23.5	23.8	24.2	24.3	24.2	24.2	24.2	0.5%
Nominal GDP (RMB billion)	1,920	2,018	2,182	2,357	2,512	2,747	3,013	7.8%
Real GDP growth rate (%)	8.2	7.5	7.7	7.0	6.9	6.8	6.9	7.3%*
GDP per capita (RMB)	82,560	85,373	90,993	97,370	103,795	113,600	124,600	7.1%
Per capita disposable income of urban residents (RMB)	36,230	40,188	43,851	47,710	52,962	57,692	62,596	9.5%
Urbanization (%)	89.3	89.3	89.6	89.6	87.6	87.9	N/A	-0.3%**
Fixed asset investment (RMB billion)	507	525	565	602	635	676	725	6.1%

Source: Shanghai Statistics Bureau

Notes: * is the arithmetic mean

** is calculated based on the data from 2011 to 2016

The real estate market in Shanghai has always been one of the most dynamic markets because of its large demand and high purchasing power. Real estate investment in residential, retail and office properties reached RMB215 billion, RMB50 billion and RMB64 billion, respectively in 2017.

The table below sets forth selected indicators of the real estate market in Shanghai City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	217	238	282	321	347	371	386	10.1%
Real estate investment in residential properties (RMB billion)	140	145	162	173	181	197	215	7.4%
Real estate investment in retail properties (RMB billion)	24	29	37	46	47	52	50	13.0%
Real estate investment in office properties (RMB billion)	23	26	38	53	65	70	64	18.6%
GFA of residential properties sold (million sq.m.)	15.0	15.9	20.2	17.8	20.1	20.2	13.4	-1.9%
GFA of retail properties sold (million sq.m.)	0.9	1.2	1.2	1.0	1.1	2.1	0.8	-1.9%
GFA of office properties sold (million sq.m.)	1.4	1.1	1.6	1.2	2.0	3.1	1.2	-2.5%
Average price of residential properties (RMB per sq.m.)	13,566	13,870	16,192	16,415	21,501	25,910	24,866	10.6%
Average price of retail properties (RMB per sq.m.)	19,527	16,218	19,294	22,014	20,043	22,854	26,249	5.1%
Average price of office properties (RMB per sq.m.)	25,997	21,000	23,623	24,978	24,755	29,477	31,753	3.4%

Sources: Shanghai Statistics Bureau, CREIS

Nanjing City

Nanjing is the capital city of Jiangsu Province. The city experienced mild GDP growth from 2011 to 2017. Its nominal GDP increased to RMB1,172 billion in 2017. Per capita disposable income of urban residents increased at a CAGR of 9.2% from 2011 to 2017. Fixed asset investment witnessed continuous growth from 2011 to 2017.

The table below sets forth selected economic indicators of Nanjing City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	8.1	8.2	8.2	8.2	8.2	8.3	8.3	0.4%
Nominal GDP (RMB billion)	615	720	808	882	972	1,050	1,172	11.3%
Real GDP growth rate (%)	12.0	11.7	11.0	10.1	9.3	8.0	8.1	10.0%*
GDP per capita (RMB)	76,263	88,525	98,011	107,545	118,171	127,264	141,103	10.8%
Per capita disposable income of urban residents (RMB)	32,200	36,322	38,531	42,568	46,104	49,997	54,538	9.2%
Urbanization (%)	79.7	80.2	80.5	80.9	81.4	82.0	82.3	0.5%
Fixed asset investment (RMB billion)	401	468	527	546	548	553	622	7.6%

Source: Nanjing Statistics Bureau

Note: * is the arithmetic mean

Real estate investment in residential properties in Nanjing increased at a CAGR of 15.8% from 2011 to 2017 while real estate investment in retail properties reached RMB26 billion during the same period.

The average price of residential properties increased from 2011 to 2016 and experienced a slight decline in 2017 as a result of the local government's regulation, while the average price of retail properties grew at a CAGR of 1.4% from 2011 to 2016.

The table below sets forth selected indicators of the real estate market in Nanjing City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	90	102	112	113	143	185	217	15.8%
Real estate investment in residential properties (RMB billion)	65	68	73	80	108	139	157	15.8%
Real estate investment in retail properties (RMB billion)	8	10	13	15	14	20	26	21.7%
GFA of residential properties sold (million sq.m.)	6.8	8.8	11.4	11.2	14.3	14.1	12.1	10.1%
GFA of retail properties sold (million sq.m.)	0.4	0.3	0.4	0.4	0.6	0.8	N/A	14.9%*
Average price of residential properties (RMB per sq.m.)	8,415	9,675	11,078	10,964	11,260	17,884	15,259	10.4%
Average price of retail properties (RMB per sq.m.)	16,703	17,847	19,714	16,813	15,026	17,920	N/A	1.4%*

Sources: Nanjing Statistics Bureau, CREIS

Note: * is calculated based on the data from 2011 to 2016

Ningbo City

As a result of continuous economic structural adjustment in recent years, Ningbo's real GDP growth rate ranged from 7.1% to 10.0% in the years between 2011 and 2017. Its nominal GDP rose at a CAGR of 8.4% in the same period. Per capita disposable income of urban residents increased at a CAGR of 8.5%. Fixed asset investment increased at a CAGR of 13.1% from 2011 to 2017.

The table below sets forth selected economic indicators of Ningbo City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	5.8	5.8	5.8	5.8	5.9	5.9	6.0	0.6%
Nominal GDP (RMB billion)	607	660	716	761	800	854	985	8.4%
Real GDP growth rate (%)	10.0	7.8	8.1	7.6	8.0	7.1	7.8	8.1%*
GDP per capita (RMB)	79,730	86,477	93,641	98,362	102,374	108,804	124,017	7.6%
Per capita disposable income of urban residents (RMB)	34,058	37,902	41,729	44,155	47,852	51,560	55,656	8.5%
Urbanization (%)	69.0	69.4	69.8	70.3	71.1	71.9	72.4	0.8%
Fixed asset investment (RMB billion)	239	290	342	399	451	496	501	13.1%

Source: Ningbo Statistics Bureau

Note: * is the arithmetic mean

The real estate market in Ningbo performed well in recent years with the real estate investment in residential properties reached RMB79 billion in 2016. Furthermore, compared with other major cities located in the Yangtze River Delta Region, the price of residential properties in Ningbo is currently at a relatively low level with promising growth expectation which is a great advantage for real estate developers.

The table below sets forth selected indicators of the real estate market in Ningbo City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	75	88	112	133	123	127	137	10.6%
Real estate investment in residential properties (RMB billion)	42	52	64	77	75	79	N/A	13.5%*
GFA of residential properties sold (million sq.m.)	3.4	4.6	5.8	6.0	8.5	11.3	12.8	24.7%
Average price of residential properties (RMB per sq.m.)	11,286	11,385	11,405	10,890	11,022	11,738	14,145	3.8%

Sources: Ningbo Statistics Bureau, CREIS

Note: * is calculated based on the data from 2011 to 2016

Wenzhou City

Wenzhou City experienced moderate GDP growth in recent years with real GDP growth rate ranging from 6.7% to 9.5% from 2011 to 2017. Fixed asset investment grew dramatically from RMB154 billion to RMB418 billion at a CAGR of 18.1% from 2011 to 2017 showing an encouraging tendency of the city's real estate market.

The table below sets forth selected economic indicators of Wenzhou City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	8.0	8.0	8.1	8.1	8.1	8.2	8.2	0.4%
Nominal GDP (RMB billion)	341	367	402	430	462	510	545	8.1%
Real GDP growth rate (%)	9.5	6.7	7.7	7.2	8.3	8.4	8.4	8.0%*
GDP per capita (RMB)	42,998	45,923	50,073	53,094	56,841	62,618	N/A	7.8%**
Per capita disposable income of urban residents (RMB)	31,749	34,820	37,852	40,510	44,026	47,785	51,866	8.5%
Urbanization (%)*	N/A	N/A	N/A	N/A	68.0	69.0	69.7	N/A
Fixed asset investment (RMB billion)	154	211	262	305	346	391	418	18.1%

Source: Wenzhou Statistics Bureau

Notes: * is the arithmetic mean

** is calculated based on the data from 2011 to 2016

Largely owing to local government's encouragement in rebuilding the urban shanty towns, the residential property market enjoyed obvious recovery since 2016. GFA of residential properties sold reached 8.0 million sq.m. in 2017, and average price of residential properties reached RMB13,981 per sq.m. in 2017.

The table below sets forth selected indicators of the real estate market in Wenzhou city for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	68	69	73	81	77	90	102	7.0%
Real estate investment in residential properties (RMB billion)	47	47	52	55	52	67	N/A	7.3%*
GFA of residential properties sold (million sq.m.)	1.1	1.8	3.2	3.8	4.6	6.4	8.0	39.2%
Average price of residential properties (RMB per sq.m.)	16,901	17,610	15,943	13,859	12,633	14,152	13,981	-3.1%

Sources: Wenzhou Statistics Bureau, CREIS

Note: * is calculated based on the data from 2011 to 2016

Zhoushan City

Nominal GDP of Zhoushan City reached RMB122 billion in 2017 with a CAGR of 8.0% from 2011 to 2017. Per capita disposable income of urban residents increased at a CAGR of 9.1% from 2011 to 2017. Fixed asset investment witnessed rapid growth at the same time.

The table below sets forth selected economic indicators of Zhoushan City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	1.1	1.1	1.1	1.1	1.1	1.2	1.2	1.5%
Nominal GDP (RMB billion)	77	86	93	102	109	123	122	8.0%
Real GDP growth rate (%)	11.3	10.2	8.5	10.2	9.2	11.3	8.8	9.9%*
GDP per capita (RMB)	67,774	74,831	81,582	89,306	95,272	106,364	104,811	7.5%
Per capita disposable income of urban residents (RMB)	30,496	34,224	37,646	41,466	44,845	48,423	51,516	9.1%
Urbanization (%)	64.3	65.3	65.8	66.3	66.9	67.5	67.9	0.9%
Fixed asset investment(RMB billion)	48	57	75	96	113	131	145	20.2%

Source: Zhoushan Statistics Bureau

Note: * is the arithmetic mean

Real estate investment in residential properties in Zhoushan grew at a CAGR of 9.8% from 2011 to 2017. GFA of residential properties sold increased at a CAGR of 10.5% from 2011 to 2017. Average price of residential properties fluctuated during recent years.

The table below sets forth selected indicators of the real estate market in Zhoushan City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	12	16	14	23	19	17	21	9.8%
Real estate investment in residential properties (RMB billion)	8	10	9	14	13	12	14	9.8%
GFA of residential properties sold (million sq.m.)	1.1	0.5	1.0	0.8	0.9	1.4	2.0	10.5%
Average price of residential properties (RMB per sq.m.)	10,689	10,203	11,826	10,839	9,409	N/A	N/A	-3.1%*

Sources: Zhoushan Statistics Bureau, CREIS

Note: * is calculated based on the data from 2011 to 2015

Anqing City

Nominal GDP of Anqing City increased at a CAGR of 5.8% from 2011 to 2017. Fixed asset investment rose remarkably from 2011 to 2017.

The table below sets forth selected economic indicators of Anqing City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	4.5	4.5	4.5	4.5	4.6	4.6	4.6	0.4%
Nominal GDP (RMB billion)	122	136	142	154	142	153	171	5.8%
Real GDP growth rate (%)	13.2	11.5	10.5	9.3	4.8	8.0	8.2	9.4%*
GDP per capita (RMB)	22,893	25,592	26,595	28,809	31,101	33,294	36,922	8.3%
Per capita disposable income of urban residents (RMB)	18,005	20,453	22,683	22,109	23,966	26,502	28,675	8.1%
Urbanization (%)	38.2	40.5	42.7	44.9	45.9	47.2	46.6	3.4%
Fixed asset investment (RMB billion)	83	97	119	139	139	152	173	13.0%

Sources: Anqing Statistical Bureau, Anhui Statistical Bureau

Notes: * is the arithmetic mean

All the statistics in 2015 and 2016 didn't include Zongyang County because of the adjustment of Anqing's administrative division

Real estate investment increased robustly from RMB10 billion in 2011 to RMB16 billion in 2017, among which residential property investment accounted for the most significant part during the period. GFA of residential properties sold decreased in 2015 and grew to 3.9 million sq.m. in 2016. The average price of residential property grew at a CAGR of 7.0% from 2011 to 2016.

The table below sets forth selected indicators of the real estate market in Anqing City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	10	10	15	15	15	14	16	8.1%
Real estate investment in residential properties (RMB billion)	7	7	11	11	9	9	N/A	5.2%*
GFA of residential properties sold (million sq.m.)	2.7	2.8	3.8	3.2	3.0	3.9	N/A	7.6%*
Average price of residential properties (RMB per sq.m.)	3,233	3,874	4,231	4,353	4,487	4,525	N/A	7.0%*

Source: Anqing Statistical Bureau

Notes: * is calculated based on the data from 2011 to 2016

All the statistics in 2015 and 2016 didn't include Zongyang County because of the adjustment of Anqing's administrative division

Wuhu City

The nominal GDP of Wuhu City enjoyed a rapid growth from RMB166 billion in 2011 to RMB307 billion in 2017. Fixed asset investment increased significantly from RMB135 billion in 2011 to RMB334 billion in 2017.

The table below sets forth selected economic indicators of Wuhu City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	3.6	3.8	3.6	3.6	3.7	3.7	3.7	0.5%
Nominal GDP (RMB billion)	166	187	210	231	246	270	307	10.8%
Real GDP growth rate (%)	16.0	13.8	12.0	10.7	10.3	9.7	8.9	11.6%*
GDP per capita (RMB)	46,626	52,453	58,573	64,039	67,592	73,715	83,234	10.1%
Per capita disposable income of urban residents (RMB)	21,561	23,784	26,264	27,384	29,766	32,315	35,175	8.5%
Urbanization (%)	56.3	58.0	59.4	60.7	62.0	63.5	65.1	2.5%
Fixed asset investment (RMB billion)	135	170	204	239	271	301	334	16.3%

Source: Wuhu Statistical Bureau

Note: * is the arithmetic mean

Real estate investment in Wuhu experienced fluctuations during the years of 2011 to 2017 with real estate investment in residential properties turned on a downward trend since 2014. GFA of residential properties sold increased at a CAGR of 14.8% from 2011 to 2016. The average price of residential properties rose to a peak level of RMB5,231 per sq.m. in 2016.

The table below sets forth selected indicators of the real estate market in Wuhu City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	29	37	45	48	45	41	46	8.0%
Real estate investment in residential properties (RMB billion)	24	26	31	33	28	27	N/A	2.6%*
GFA of residential properties sold (million sq.m.)	3.4	3.8	5.5	5.6	5.2	6.8	N/A	14.8%*
Average price of residential properties (RMB per sq.m.)	5,000	4,803	5,148	5,143	4,603	5,231	N/A	0.9%*

Sources: Wuhu Statistical Bureau, CREIS

Note: * is calculated based on the data from 2011 to 2016

Major Cities the Company Plans to Enter

Hefei City

The nominal GDP of Hefei increased from RMB364 billion in 2011 to RMB721 billion in 2017, with a CAGR of 12.1%. The growth in fixed asset investment has slowed down in the past two years, resulting in a CAGR of 11.1% from 2011 to 2017.

The table below sets forth selected economic indicators of Hefei City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	7.5	7.6	7.6	7.7	7.8	7.9	8.0	1.0%
Nominal GDP (RMB billion)	364	416	467	516	566	627	721	12.1%
Real GDP growth rate (%)	15.4	13.6	11.5	10.0	10.5	9.8	8.5	11.3%*
GDP per capita (RMB)	48,540	55,182	61,555	67,689	73,102	80,136	91,113	11.1%
Per capita disposable income of urban residents (RMB)	22,459	25,434	26,826	29,348	31,989	34,852	37,975	9.1%
Urbanisation (%)	64.6	66.4	67.8	69.1	70.4	72.1	73.8	2.2%
Fixed asset investment (RMB billion)	338	380	454	530	615	650	635	11.1%

Sources: NBS, Hefei Bureau of Statistics

Note: * is the arithmetic mean

Real estate investment, including investment in residential properties both grew stably at a CAGR of 9.8% from 2011 to 2017. GFA of residential properties sold displayed an increasing trend from 2011 to 2016 in general, showing a surge from 10.6 million sq.m. in 2011 to 17.1 million sq.m. in 2016. Followed by a steep drop to 9.6 million sq.m. in the year thereafter due to the implementation of tightened policies in the residential property market from 2016 onwards. The average price of residential properties showed a consistent growth with a CAGR of 12.6% from 2011 to 2017.

The table below sets forth selected indicators of the real estate market in Hefei City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	89	91	111	113	126	135	156	9.8%
Real estate investment in residential properties (RMB billion)	63	58	67	72	78	86	110	9.8%
GFA of residential properties sold (million sq.m.)	10.6	11.2	14.5	13.3	12.9	17.1	9.6	-1.6%
Average price of residential properties (RMB per sq.m.)	5,608	5,754	6,084	6,917	7,512	9,312	11,442	12.6%

Sources: NBS, Hefei Bureau of Statistics, CREIS

Wuhan City

Wuhan has witnessed a strong growth in nominal GDP, with a CAGR of 12.1% from 2011 to 2017. An upward trend of the real GDP growth rate was observed in 2017. Fixed asset investment increased at a CAGR of 10.8% from 2011 to 2017.

The table below sets forth selected economic indicators of Wuhan City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	10.0	10.1	10.2	10.3	10.6	10.8	10.9	1.4%
Nominal GDP (RMB billion)	676	800	905	1,007	1,091	1,191	1,341	12.1%
Real GDP growth rate (%)	12.5	11.4	10.0	9.7	8.8	7.8	8.0	9.7%*
GDP per capita (RMB)	68,315	79,482	89,000	97,962	104,132	111,469	123,831	10.4%
Per capita disposable income of urban residents (RMB)	23,738	27,061	29,821	33,270	36,436	39,737	43,405	10.6%
Urbanization (%)	N/A	N/A	N/A	N/A	N/A	79.8	80.0	N/A
Fixed asset investment (RMB billion)	426	503	597	696	768	704	787	10.8%

Sources: NBS, Hubei Provincial Bureau of Statistics, Wuhan Bureau of Statistics

Note: * is the arithmetic mean

Strong growth is observed in real estate investment and investment in residential properties, both of which have been more than double since 2011 at a CAGR of 13.1% and 16.2%, respectively. GFA of residential properties sold has grown tremendously from 11.8 million sq.m. in 2011 to 30.9 million sq.m. in 2017, representing a CAGR of 17.3%. Average price of residential properties has grown consistently at a CAGR of 9.4% from 2011 to 2017.

The table below sets forth selected indicators of the real estate market in Wuhan City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	128	157	191	235	258	252	269	13.1%
Real estate investment in residential properties (RMB billion)	75	99	125	156	178	173	184	16.2%
GFA of residential properties sold (million sq.m.)	11.8	13.9	17.5	19.8	24.1	29.3	30.9	17.3%
Average price of residential properties (RMB per sq.m.)	6,676	6,895	7,238	7,399	8,404	9,819	11,453	9.4%

Sources: NBS, Hubei Provincial Bureau of Statistics, CREIS

Xi'an City

Real GDP growth rate ranged between 7.7% and 13.8% between 2011 and 2017 in Xi'an. Per capita disposable income of urban residents increased from RMB25,981 in 2011 to RMB38,536 in 2017. Fixed asset investment has increased significantly with a CAGR of 14.5% from 2011 to 2017.

The table below sets forth selected economic indicators of Xi'an City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	8.5	8.6	8.6	8.6	8.7	8.8	N/A	0.6%
Nominal GDP (RMB billion)	386	437	488	549	580	626	747	11.6%
Real GDP growth rate (%)	13.8	11.8	11.1	9.9	8.2	8.5	7.7	10.1%*
GDP per capita (RMB)	45,475	51,166	56,988	63,794	66,938	71,357	78,346	9.5%
Per capita disposable income of urban residents (RMB)	25,981	29,982	33,100	36,100	33,188	35,630	38,536	6.8%
Urbanization (%)	70.1	71.5	72.1	72.6	73.0	73.4	N/A	0.9%**
Fixed asset investment (RMB billion)	335	424	506	582	509	510	756	14.5%

Sources: NBS, Shaanxi Provincial Bureau of Statistics

Notes: * is the arithmetic mean

** is calculated based on the data from 2011 to 2016

Real estate investments in Xi'an showed a significant increasing trend from 2011 to 2017, resulting in a CAGR of 15.2% from 2011 to 2017. The GFA of residential properties sold has consistently increased from 2012 onwards, resulting a 21.1 million sq.m. GFA of residential properties sold in 2017. The average price of residential properties experienced a sharp increase from RMB6,385 per sq.m. to RMB8,166 per sq.m. between 2016 and 2017, representing a y-o-y growth rate of 27.9%.

The table below sets forth selected indicators of the real estate market in Xi'an City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	100	128	160	176	183	196	233	15.2%
Real estate investment in residential properties (RMB billion)	83	101	124	133	131	134	157	11.1%
GFA of residential properties sold (million sq.m.)	16.6	13.8	15.0	15.1	15.8	18.7	21.1	4.0%
Average price of residential properties (RMB per sq.m.)	5,830	6,224	6,435	6,105	6,221	6,385	8,166	5.8%

Sources: NBS, Shaanxi Provincial Bureau of Statistics, CREIS

Guangzhou City

Guangzhou as one of the significant tier-one cities in the PRC experienced a fast economic growth from 2011 to 2017. The nominal GDP increased from RMB1,242 billion in 2011 to RMB2,150 billion in 2017.

The table below sets forth selected economic indicators of Guangzhou City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	12.8	12.8	12.9	13.1	13.5	14.0	14.5	2.2%
Nominal GDP (RMB billion)	1,242	1,355	1,542	1,671	1,810	1,955	2,150	9.6%
Real GDP growth rate (%)	11.3	10.5	11.6	8.6	8.4	8.2	7.0	9.4%*
GDP per capita (RMB)	97,588	105,909	119,695	128,478	136,188	141,933	150,678	7.5%
Per capita disposable income of urban residents (RMB)	34,438	38,054	39,444	42,955	46,735	50,941	55,400	8.2%
Urbanization (%)	84.1	85.0	85.3	85.4	85.5	86.1	86.14	0.4%
Fixed asset investment (RMB billion)	341	376	445	489	541	570	592	9.6%

Sources: NBS, Guangdong Provincial Bureau of Statistics

Note: * is the arithmetic mean

Guangzhou's real estate investment increased dramatically with a two-digit CAGR from 2011 to 2017. The investment on residential properties reached RMB177 billion in 2017. In terms of market demand, the GFA of residential properties sold ranged from 9.9 million sq.m. to 16.2 million sq.m. between 2011 and 2017. As a response to the increasing trend of demand, the average price of residential properties grew from RMB10,926 to RMB17,685 from 2011 to 2017.

The table below sets forth selected indicators of the real estate market in Guangzhou City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	131	137	157	182	214	254	270	12.9%
Real estate investment in residential properties (RMB billion)	79	83	95	99	133	159	177	14.4%
GFA of residential properties sold (million sq.m.)	9.9	11.3	14.0	12.0	13.4	16.2	13.7	5.5%
Average price of residential properties (RMB per sq.m.)	10,926	12,001	13,954	14,739	14,083	16,346	17,685	8.4%

Sources: NBS, CREIS

Chengdu City

The GDP reached RMB1,006 billion in 2014, becoming one of the first ten cities in the PRC to surpass a GDP of one thousand billion. The GDP per capita steadily reached RMB86,911 in 2017, which shows an improvement in the purchasing power of residents.

The table below sets forth selected economic indicators of Chengdu City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Population (million)	14.1	14.2	14.3	14.4	14.7	15.9	16.0	2.2%
Nominal GDP (RMB billion)	685	814	911	1,006	1,080	1,217	1,389	12.5%
Real GDP growth rate (%)	15.2	13.0	9.3	8.9	7.9	7.7	8.1	10.0%*
GDP per capita (RMB)	48,755	57,624	63,977	70,019	74,273	76,960	86,911	10.1%
Per capita disposable income of urban residents (RMB)	23,048	27,194	29,968	30,996	33,476	35,902	38,918	9.1%
Urbanization (%)	60.7	61.1	61.3	60.2	71.4	70.6	71.9	2.9%
Fixed asset investment (RMB billion)	494	589	650	662	695	835	940	11.3%

Sources: NBS, Chengdu Bureau of Statistics

Note: * it is the arithmetic mean

The growth in real estate investment remained moderate throughout the period from 2011 to 2017 with a CAGR of 7.8%. From demand perspective, it is observed that the GFA of residential properties sold ranged between 22.8 million sq.m. and 32.8 million sq.m. in the period from 2011 to 2017. The stable demand for housing led to an increase in the average price of residential properties from RMB6,361 in 2011 to RMB8,595 in 2017.

The table below sets forth selected indicators of the real estate market in Chengdu City for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Real estate investment (RMB billion)	159	189	211	222	244	264	249	7.8%
Real estate investment in residential properties (RMB billion)	104	117	129	135	147	142	130	2.1%
GFA of residential properties sold (million sq.m.)	22.8	24.2	25.6	24.8	24.5	32.8	29.8	4.2%
Average price of residential properties (RMB per sq.m.)	6,361	6,678	6,708	6,536	6,584	7,377	8,595	5.2%

Sources: NBS, Chengdu Bureau of Statistics, CREIS

LAND PRICE AND PRICES OF KEY CONSTRUCTION MATERIALS

Land price is a crucial factor for real estate developers. Generally, the average price of land cost increased in recent years creating greater pressure on real estate developers.

The table below sets forth land prices in Shanghai and the other cities the Company is conducting business for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Land price-residential (RMB per sq.m.)	5,994	5,608	7,614	8,108	9,663	15,173	12,989	13.8%
Land price-retail and office (RMB per sq.m.)	4,517	4,107	4,522	3,554	4,158	4,571	5,944	4.7%

Source: CREIS

The prices of both steel and cement showed a slight recovery since 2016 and increased largely in 2017, and to some extent, resulted in higher selling price of the properties.

The table below sets forth price index of steel and cement for the years indicated.

	2011	2012	2013	2014	2015	2016	2017	2011-2017 CAGR
Steel product price index	4,480	3,800	3,600	2,840	2,040	3,390	4,530	0.2%
The China producer price index-manufacture of cement*	112.3	92.2	102.8	92.3	85.5	102.4	149.9	4.9%

Sources: Standard Commodity Trade Center (西本新幹線電子商務有限公司), Bloomberg

Note: *Preceding year=100

RECENT HOME PURCHASE RESTRICTIONS IN MAJOR CITIES WHERE THE COMPANY HAS OPERATIONS AND LAND RESERVES

Shanghai City

Shanghai Municipal People's Government (上海市人民政府) rolled out further tightening measures to control the residential property market in 2016, announcing: (i) an increase in the down payment for first-time home buyers from 30% to 35% while the term "first-time home buyers" has been restricted to include only those who do not own any homes in Shanghai, and who have never applied for mortgage loans from either commercial banks or public housing funds; and (ii) residents who do not own a home in Shanghai but who have applied for mortgage loans will thus be treated as second-home buyers, increasing their down payment requirements from 30% to 50% (if purchasing first housing) or 70% (if purchasing non-first housing).

Nanjing City

In 2017, the *Notice on Further Adjustment of Housing Purchases Limitation by General Office of Nanjing Municipal People's Government* (《市政府辦公廳關於進一步調整我市住房限購政策的通知》) was issued. The sales of residential properties to non-first home buyers who are not local residents in Liuhe district, Lishui district and Gaochun district are not allowed. The sales of residential properties to home buyers who own more than one home are not allowed in main districts except Liuhe district, Lishui district and Gaochun district.

Ningbo City

General Office of Ningbo Municipal People's Government (寧波市人民政府辦公廳) issued the *Notice on Maintaining and Promoting Smooth Operation of the Real Estate Market in Ningbo* (《關於保持和促進我市房地產市場平穩運行的通知》) in 2017 imposing restrictions on property purchasing and mortgage loans in certain areas including: (i) local residents with two or more residential properties, non-local residents with one or more residential properties or those who fail to prove they have paid taxes or social insurance in Ningbo for one year within two years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to buy residential properties in the restricted areas; (ii) increased down payment requirements for first-time home buyers from 20% to 30%; and (iii) increased down payment requirements for second-time home buyers applying for mortgage loans from 30% to 40% in the restricted areas. In addition, Ningbo announced that non-local residents with one or more residential properties or those who fail to prove they have paid taxes or social insurance in Ningbo for 24 consecutive months within three years from the purchasing date in Haishu, Jiangbei and Yinzhou districts are not allowed to buy residential properties in the restricted areas.

Zhoushan City

Zhoushan Housing Provident Fund Management Center (舟山市住房公積金管理中心) issued the *Notice on Adjustment of Policies Related to the Housing Provident Fund* (《關於調整住房公積金有關政策的通知》) in May 2017. The down payment ratio of provident fund loans in Zhoushan was adjusted to 40% for second-time home buyers. In addition, the maximum loan is reduced to RMB0.4 million and RMB0.3 million, respectively, for first-time home buyers and second-time home buyers.

Anqing City

General Office of Anqing Municipal People's Government (安慶市人民政府辦公廳) issued the *Notice on Adjusting Policies Related to Provident Fund Loan* (《關於調整住房公積金貸款政策的意見》) in September 2017. For residents who have paid off their first provident fund loan and apply for a second provident fund loan to buy commercial houses, the minimum down payment ratio increases from 30% to 40%. Applications for provident fund loan are prohibited for residents who already have applied for provident fund in other cities. The adjustment aims to restrict speculations in Anqing.

Wuhu City

Wuhu Housing Provident Fund Management Center (蕪湖市住房公積金管理中心) issued the *Notice on Adjustment of Policies for Housing Provident Fund* (《關於調整住房公積金貸款政策的通知》) in December 2017, imposing restrictions on mortgage loans. It lists out that applications for provident fund loans are prohibited for residents who have paid provident funds in other cities, except for the residents involved in talent – introduction program in Wuhu. In addition, it reduces the maximum amount of second-time provident fund loans.

Zhenjiang City

Zhenjiang Municipal People's Government (鎮江市人民政府) issued the *Notice on Further Promoting the Healthy and Stable Development of the Real Estate Market* (《關於進一步促進房地產市場健康平穩發展的通知》) in March 2017. For first-time home buyers, the minimum down payment ratio of the housing provident fund loans has been increased from 20% to 30%. The minimum down payment ratio of second housing provident fund loans has been increased from 20% to 60%. The tightened policy on housing provident fund loans aims to restrict speculations on the market.

Suzhou City

The Suzhou Municipal People's Government (蘇州市人民政府) released *Advices Regarding Further Strengthening of Management on Real Estate Market in Suzhou* (《關於進一步加強蘇州市區房地產管理的實施意見》) in 2016. It elaborated that housing provident fund loans for third homes should be prohibited for residents who have not yet paid off the loans for previous residential property purchases. The policy aims to promote a stable development of the Suzhou real estate market and restrict speculations.

Jiaxing City

Jiaxing Housing Security Bureau (嘉興市住房保障局) rolled out tightening measures to control the residential property market in 2016. The government in Jiaxing issued the *Restriction on Housing Purchases in Jiaxing* (《嘉興市區實施限購政策》). In Nanhu district, Xiuzhou district and economic development districts, non-local residents are restricted to purchase more than one home. For local residents, the minimum down payment ratio of their first housing should not be less than 30%. For non-local residents, the minimum down payment ratio of the first housing should not less than 50%. The tightened policy on housing provident fund loans aims to restrict speculations on the market.

Chengdu City

In 2016, in response to the regulations of the central government on the real estate market, the *Measures of Further Promotion of Healthy Development on Real Estate Market* (《 進一步促進我市房地產市場健康發展的若干政策措施》) was issued by General Office of Chengdu Municipal People's Government (成都市人民政府辦公廳) in Chengdu. From April 2017 onwards, the transactions of newly purchased and second-hand houses in price-restriction areas were allowed only after holding the properties for at least two years after purchase. The policy issued in 2017 indicated that 60% down payment is required for non-first-time home buyers.

Chongqing City

In 2017, Chongqing Municipal Administration of Land Resources and Housing (重慶市國土資源和房屋管理局) issued the *Notice on Strengthening Regulations of Newly-Purchase Residential Properties in Main Districts.* (《重慶市國土房管局關於加強主城區新購住房再交易管理的通知》). Therefore, newly purchased commercial residential properties are not allowed to transact within 2 years. The mentioned policy is applied in the main districts in Chongqing. Therefore, it is expected that the liquidity and speculations in housing market will be reduced in Chongqing.

Qingyuan City

Qingyuan rolled out tightening measures in 2017. For non-local residents, the minimum down payment ratio of first housing should not be less than 40%. The mild regulation on Qingyuan aims to stabilize the market and encourage rigid demand for housing in Qingyuan.

It is observed that home purchase restrictions are not launched recently in Wenzhou City, Huzhou City, Yancheng City, and Xuzhou City, where the Company has operations and obtained land reserves.

This section sets forth a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

According to the *Law of the People's Republic of China on Urban Real Estate Administration* (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**") promulgated by the Standing Committee of the National People's Congress of the PRC (中華人民共和國全國人民代表大會常務委員會) (the "**SCNPC**"), effective on January 1, 1995, amended on August 30, 2007, and August 27, 2009, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) (the "**Development Regulations**") promulgated and implemented by the State Council on July 20, 1998, and amended on January 8, 2011 and March 19, 2018, the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following requirements: 1) its registered capital shall be RMB1 million or above; and 2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

However, *the Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment* (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009 has reduced the requirement on the minimum capital for social welfare housing and general commercial residence from 35% to 20%, while the requirement on the minimum capital for other real estate projects has been reduced to 30%. Under the *Notice on Adjusting and Perfecting the System of Capital Fund for Fixed Assets Investment* (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on September 9, 2015, the minimum portion of capital funding for social welfare housing and general commercial residence maintained at 20%, while the minimum portion of capital funding for other real estate projects has been reduced from 30% to 25%.

Foreign-Invested Real Estate Enterprises

On June 28, 2017, the Ministry of Commerce of the PRC (中華人民共和國商務部) ("**MOFCOM**") and the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the "**NDRC**") promulgated the *Catalogue of Industries for Guiding Foreign Investment (2017 Revision)* (外商投資產業指導目錄(2017年修訂)), or the Catalogue 2017, which took effect on July 28, 2017. The Catalogue 2017 re-classifies the encouraged items subject to limitations on ownership of category, the negative list for the access of foreign investments, and applies unified restrictive measures. In addition, 11 items are removed from the Catalogue 2017 as the same restrictions apply to both foreign and domestic investments in these items, including, for example, the construction and operation of large-scale theme parks and the construction of villas and golf courses.

On July 11, 2006, the Ministry of Construction of the PRC (中華人民共和國建設部), MOFCOM, the NDRC, the People's Bank of China (中國人民銀行) (the "**PBOC**"), the State Administration for Industry and Commerce (國家工商行政管理總局) (the "**SAIC**") and the State Administration of Foreign Exchange (國家外匯管理局) (the "**SAFE**") jointly promulgated *Opinions on Regulating the Entry and Administration of Foreign Capital into the Real Estate Market* (關於規範房地產市場外資准入和管理的意見) (the "**Opinions**"), which provides, that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies.

On August 19, 2015, Ministry of Housing and Urban-Rural Development (中華人民共和國住房和城鄉建設部) ("**MOHURD**"), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly promulgated *Circular on Amending the Policies Concerning Access by and Administration of Foreign Investment in the Real Estate Market* (關於調整房地產市場外資准入和管理有關政策的通知) (the "**Circular**"). Pursuant to the Circular, the ratio of registered capital to total investment of foreign invested real estate companies shall be subject to the *Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures* (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定) that a foreign invested real estate company must fully pay its registered capital before applying for domestic or foreign loans, or settlement of foreign exchange loans has been cancelled.

On June 18, 2008, MOFCOM issued *the Circular on Properly Handling the Filing of Foreign Investment in the Real Estate Industry* (關於做好外商投資房地產業備案工作的通知) ("**No. 23 Circular**"), which has become effective on July 1, 2008. According to the No. 23 Circular, the registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration.

On November 6, 2015, MOFCOM and SAFE jointly promulgated the *Circular of the Ministry of Commerce and the State Administration of Foreign Exchange on Further Improving the Registration of Foreign Investments in Real Estate* (商務部、外匯局關於進一步改進外商投資房地產備案工作的通知) which has simplified the administrative procedures for foreign invested real estate companies. According to the circular, the local departments shall approve the establishment and changes of foreign-invested real estate enterprises in accordance with the laws and statutes concerning foreign investment, and provide information on real estate projects in the foreign investment information system of MOFCOM.

On October 8, 2016, MOFCOM issued the Interim Administrative Measures for the Record-filing of the Incorporation and Change of Foreign-invested Enterprises (the "**Circular 3**") (外商投資企業設立及變更備案管理暫行辦法) which took effect on the same day and amended on July 30, 2017. According to the Circular 3, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the Circular 3, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the Circular 3.

Qualification of a Real Estate Developer

Classification of a real estate enterprise' Qualification

Under the Development Regulations, a real estate developer must file its establishment to competent department of real estate development of the place where the registration authority is located within 30 days from the date of obtaining Business License. The real estate development authorities shall examine applications for classification of a real estate developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the *Provisions on Administration of Qualifications of Real Estate Development Enterprises* (房地產開發企業資質管理規定) (the "**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction of PRC and implemented on March 29, 2000 and amended on May 4, 2015, a real estate developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a real estate enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council and there is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and the GFA of each project developed by an enterprise who holds a class 2 or lower qualification shall not exceed 250,000 sq.m. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for 1 year from its issuance while the real estate development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within 1 month before the expiry of the Provisional Qualification Certificate.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

On April 12, 1988, the National People's Congress of China (the "**NPC**") passed an amendment to the *Constitution of the PRC* (中華人民共和國憲法). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. On December 29, 1988, the SCNPC also amended the *Land Administration Law of the PRC* (中華人民共和國土地管理法) to permit the transfer of land use rights for value.

Under the *Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-owned Urban Land* (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Provisional Regulations on Grant and Transfer**") promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the *Regulations on the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources (中華人民共和國國土資源部) (the "**MLR**") on May 9, 2002 and implemented on July 1, 2002 and revised on September 28, 2007 with the name *Regulations on the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale* (招標拍賣掛牌出讓國有建設用地使用權規定) effective on November 1, 2007 (the "**Land Grant Regulations**"), land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On May 11, 2011, the MLR promulgated the *Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Sale* (國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides stipulations to improve policies on the supply of land through public bidding, auction and listing, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the MLR promulgated the *Regulations on the Grant of State-owned Land Use Rights by Agreement* (協議出讓國有土地使用權規定). According to this regulation, if there is only one party interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more parties are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

According to the *Notice of the MLR on Relevant Issues Concerning the Strengthening the Examination and Approval of Land Use in Urban Construction* (關於加強城市建設用地審查報批工作有關問題的通知) promulgated by the MLR on September 4, 2003, from the day of issuance of the Notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped. According to the *Circular on the Distribution and implementation of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Project (2012 Edition)* (關於發佈實施<限制用地項目目錄(2012年本)>和<禁止用地項目目錄(2012年本)>的通知) promulgated by the MLR and NDRC on May 23, 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

The Measures on the Administration of Land Reservation (土地儲備管理辦法), promulgated by the MLR, the MOF, the PBOC and the CBRC on January 3, 2018, define "Land Reservation" and stipulate the administrative, regulatory and implementing procedures involved with the planning, the storage standard, prophase development, management and protection, supply and capital management and the regulatory responsibility of reserved land.

Development of a real estate project

Commencement of real estate project and regulations with respect to idle land

Under the *Urban Real Estate Law*, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the *Measures on Disposal of Idle Land* (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, amended on June 1, 2012 and implemented on July 1, 2012, the land can be defined as idle land under any of the following circumstances:

(i) the development and construction of the state-owned land is not commenced within one year of the prescribed time limit in the land use right grant contract or allocation decision; or

(ii) the development and construction of the state-owned land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

Where the delay of commencement of development is caused by the government's behavior or due to the force majeure of natural disasters, the land administrative authorities shall discuss with the holder of state-owned construction land use rights and choose the methods for disposal in accordance with the *Measures on Disposal of Idle Land*.

The Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) issued by the MLR on September 8, 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed by the end of 2007.

Planning of a real estate project

Under the *Regulation on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area* (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a real estate developer shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority.

The SCNPC promulgated the *Urban and Rural Planning Law of PRC* (中華人民共和國城鄉規劃法) on October 28, 2007 and amended on April 24, 2015, pursuant to which, a construction work planning permit (建設工程規劃許可證) must be obtained from relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction work planning permit, a real estate developer shall apply for a construction work commencement permit (建築工程施工許可證) from the construction authority under the local people's government at the county level or above in accordance with the *Measures for the Administration of Construction Permit for Construction Projects* (建築工程施工許可管理辦法) promulgated by MOHURD on June 25, 2014 and implemented on October 25, 2014.

In accordance with the *Regulations on Administration of Development and Operation of Urban Real Estate* (城市房地產開發經營管理條例) promulgated by State Council on July 20, 1998 and amended on January 8, 2011, the *Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure* (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on April 7, 2000 and amended on October 19, 2009 and the *Rules for the Confirmation of the Completion of Building Construction and Municipal Infrastructure Projects* (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD and implemented on December 2, 2013, after the completion of construction of a project, the real estate development enterprise must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Sale of Commodity Buildings

Under the *Regulatory Measures on the Sale of Commodity Buildings* (商品房銷售管理辦法) (the "**Regulatory Measures**") promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the *Measures for Administration of Pre-sale of Commodity Buildings* (城市商品房預售管理辦法) (the "**Pre-sale Measures**") promulgated by the Ministry of Construction on November 15, 1994 and amended on August 15, 2001 and July 20, 2004 respectively, any pre-sale of commodity buildings is subject to specified procedures. If a real estate development enterprise intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit. Under the Pre-sales Measures and the Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects.

Conditions of the sale of post-completion commodity buildings

Under the *Regulatory Measures*, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a real estate developer; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction work planning permit and construction work commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; and (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a real estate developer shall submit the Real estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued A *Notice on Accelerating a Stable and Healthy Development in the Real Estate Market* (關於促進房地產市場平穩健康發展的通知), which stipulates:

(i) Increase the effective supply of security housing and common commercial housing.

(ii) Reasonably steer housing consumption and suppress speculative house purchasing demand.

(iii) Strengthen risk prevention and market supervision.

(iv) Quicken the security Comfort Housing Project construction.

On April 17, 2010, the State Council issued the *Notice on Restraining Resolutely Over-rise of Housing Prices in Some Cities* (關於堅決遏制部分城市房價過快上漲的通知), which requires that:

(i) Each district and each department practically implement their duty to stabilize property prices and residential housing guarantees.

(ii) Unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should be implemented.

The *Provisions on Sales of Commodity Properties at Clearly Marked Price* (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any real estate developer or real estate agency ("**Real Estate Operators**") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require Real Estate Operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, Real Estate Operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real Estate Operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties purchasers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On February 26, 2013, the General Office of the State Council issued a *Circular on Continuing the Regulation of Real Estate Market* (關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures:

(i) Firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits; and

(ii) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

On September 24, 2015, PBOC and CBRC jointly issued *the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy* (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知), which provides that in cities where "property purchase control measures" are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%.

According to *the Notice on Certain Matters Concerning Individual Housing Loan Policies* (關於個人住房貸款政策有關問題的通知), promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date, and *the Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing* (關於調整個人住房轉讓營業稅政策的通知) promulgated by MOF and SAT on March 30, 2015 and effective on March 31, 2015 (collectively, the "**330 New Policy**"), where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

On February 1, 2016, PBOC and CBRC jointly issued *The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loans Policies* (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

Notice on Adjusting the Preferential Policies on Deed Tax and Business Tax During Real Estate Transactions (關於調整房地產交易環節契稅、營業稅優惠政策的通知) was jointly promulgated by MOF, SAT and MOHURD on February 17, 2016 and implemented on February 22, 2016. The business tax policy subject to the notice are as follows: when an individual sells his/her house to an external party within the two-year period from the purchase, he/she shall pay the full amount of business tax; when an individual sells his/her house to an external party after two years (including the second anniversary) from the purchase, he/she is exempted from paying business tax.

Mortgage on real estate

Under the *Urban Real Estate Law*, the *Guarantee Law of the People's Republic of China* (中華人民共和國擔保法) promulgated by the SCNPC on June 30, 1995 and implemented on October 1, 1995, and the *Measures on the Administration of Mortgages of Real Estate in Urban Areas* (城市房地產抵押管理辦法) issued by the Ministry of Construction on May 9, 1997, effective on June 1, 1997 and amended on August 15, 2001, when a mortgage is created on a building legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgagor and the mortgagee shall sign a mortgage contract in writing.

Lease of buildings

Pursuant to the *Administrative Measures for Commodity Housing Leasing* (商品房屋租賃管理辦法) promulgated on December 1, 2010 and effective as of February 1, 2011, the parties to a real estate lease shall apply for lease registration with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

New property law

On March 16, 2007, the 5th Session of the 10th NPC adopted the *Property Rights Law of the People's Republic of China* (中華人民共和國物權法) (the "**New Property Law**"), which took effect on October 1, 2007.

There are various clauses in the New Property Law to strengthen the protection on the rights of the house owners: (i) Article 89 of the New Property Law requests that "the construction of a building shall not violate the relevant provisions of the State on project construction, nor obstruct the air circulation, sunlight or daylight of any neighboring building." This clause protects house owners' right to enjoy sunlight and prevents house developers from illegal constructions; (ii) Article 81 of the New Property Law grants house owners the right to manage by themselves the building and its ancillary facilities and replace the property management company or any other manager engaged by the house developer. This clause reinforces the independent rights of house owners to manage their own community.

The *New Property Law* further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

Real Estate Registration

The *Interim Regulations on Real Estate Registration* (不動產登記暫行條例) promulgated by the State Council on November 24, 2014 and enforced on March 1, 2015, and the *Implementing Rules of the Interim Regulations on Real Estate Registration* (不動產登記暫行條例實施細則) promulgated by the Ministry of Land and Resources on January 1, 2016, provide that, among other things, the State implements a uniform real estate registration system and the registration of real estate shall be strictly managed and shall be carried out in a stable and continuous manner that provides convenience for people.

REGULATIONS ON REAL ESTATE FINANCING

Financing real estate development and acquisition

Pursuant to the *Guidance on Risk Management of Real Estate Loans of Commercial Banks* (商業銀行房地產貸款風險管理指引) issued by the CBRC on August 30, 2004, any real estate developer applying for real estate development loans shall have at least 35 percent of capital required for the development.

On July 29, 2008, PBOC and CBRC jointly issued the *Notice on Promoting Economical and Intensive Use of Land through Finance* (關於金融促進節約集約用地的通知). Banks must provide financial support preferentially to the projects with economical and intensive use of land, such as the development of low-rent housing, economically affordable housing, price-capped housing and small to medium-sized ordinary commercial housing with a total GFA of less than 90 sq.m. The banks are prohibited from granting loans to the property developers for payment of land premium. The Notice emphasizes tightening the policy requirements and management of loans to certain projects, including:

(i) the management of loans for construction projects. The banks are prohibited from providing loans to (i) the projects which do not meet the relevant planning and control requirements, (ii) the projects which have illegal land use and (iii) the projects for which the relevant land falls into the catalog of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to the projects which falls into the catalog of restricted land use projects.

(ii) the examination of loans for municipal infrastructures and industrial land use projects.

(iii) the management of loans for rural collective construction land use projects. The banks are prohibited from providing loans to the commercial projects which use rural collective land.

(iv) the management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project or hasn't commenced the project after one year from the date of construction commencement as stipulated in the land grant contract, the banks must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

On March 17, 2018, the First Session of the thirteenth NPC approved the *Reform Plan on State Council Agencies*. On March 24, 2018, the State Council published the *Notice on the Setup of Institutions* (No. 6 [2018] of the State Council) announcing the merger of the CIRC and the CBRC into the CBIRC, which will report directly to the State Council. Pursuant to the *Explanation on the Reform Plan on State Council Agencies* (關於國務院機構改革方案的說明), the purpose for the merger of CIRC and the CBRC is to unify the supervising system, optimize the allocation of regulatory resource and avoid systematic financial risk.

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the *Law of the People's Republic of China on Safe Production* (中華人民共和國安全生產法) implemented by the SCNPC on November 1, 2002, and revised on August 31, 2014, the developer shall apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction work commencement permit. Contractors for the construction shall establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

REGULATIONS ON FIRE PREVENTION MANAGEMENT

According to the *Fire Prevention Law of the People's Republic of China* (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and implemented on September 1, 1998, later amended on October 28, 2008 and implemented on May 1, 2009, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction.

Supervision and Administration of Fire Prevention of Construction Projects (建設工程消防監督管理規定) promulgated by the Ministry of Public Security of the People's Republic of China (中華人民共和國公安部) on April 30, 2009, implemented on May 1, 2009 and later amended on July 17, 2012 and implemented on November 1, 2012 shall apply to the fire prevention supervision and administration of new construction, expansion, reconstruction (including indoor and outdoor improvement, thermal insulation in buildings and modification of uses) and other construction projects. This provision also specify the procedure and standard for review of fire facilities design and acceptance of fire prevention facilities.

REGULATIONS ON CIVIL AIR DEFENCE PROPERTY

Pursuant to the *PRC Law on National Defence* (中華人民共和國國防法) promulgated by the NPC on March 14, 1997, as amended on August 27, 2009, national defence assets are owned by the state. Pursuant to the *PRC Law on Civil Air Defence* (中華人民共和國人民防空法), or the *Civil Air Defence Law*, promulgated by the SCNPC on October 29, 1996, as amended on August 27, 2009, civil air defence is an integral part of national defence. The Civil Air Defence Law encourages the public to invest in construction of civil air defence property and investors in civil air defence are permitted to use (including lease), manage the civil air defence property in time of peace and profit therefrom. However, such use may not impair their functions as air defence property. The design, construction and quality of the civil air defence properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defence Office issued the Administrative *Measures for Developing and Using the Civil Air Defence Property at Ordinary Times* (人民防空工程平時開發利用管理辦法) and the *Administrative Measures for Maintaining the Civil Air Defence Property* (人民防空工程維護管理辦法), which specify how to use, manage and maintain the civil air defence property.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the *Environmental Protection Law of the People's Republic of China* (中華人民共和國環境保護法), the *Prevention and Control of Noise Pollution Law of the People's Republic of China* (中華人民共和國環境噪聲污染防治法), the *Environmental Impact Assessment Law of Peoples Republic of China* (中華人民共和國環境影響評價法) the *Administrative Regulations on Environmental Protection of Construction Projects (2017 revision)* (建設項目環境保護管理條例) (2017年修訂) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (建設項目竣工環境保護驗收管理辦法). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

REGULATIONS ON TAXATION

Income Tax

According to the EIT Law enacted by the NPC on March 16, 2007 and amended on February 24, 2017, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Furthermore, pursuant to the *EIT Law* and *the Implementation Rules on the Enterprise Income Tax* (企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the *Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and*

Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the *Notice of the State Administration of Taxation*, or *SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties* (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the "beneficiary owner" of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. In addition, the *Notice on How to Understand and Recognize the "Beneficiary Owner" in Tax Treaties* (國家稅務總局關於如何理解和認定稅收協定中"受益所有人"的通知), or Notice 601, promulgated by SAT on October 27, 2009, narrowed the scope of "beneficiary owners" to individuals, enterprises or other organizations who "normally engage in substantive operations," and introduced various factors to adversely impact the recognition of such "beneficiary owners." On August 27, 2015, SAT issued the *Announcement of the State Administration of Taxation on Promulgation of the "Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties*" (國家稅務總局關於發佈《非居民納稅人享受稅收協定待遇管理辦法》的公告), effective on November 1, 2015, which applies to entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligation in the PRC. According to the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties, non-resident taxpayers who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials stipulated in Article 7 of the Measures. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement tax treaties and international transport agreements accurately, and prevent abuse of tax treaties and tax evasion and tax avoidance risks.

Value-added Tax

Pursuant to the *Provisional Regulations on Value-added Tax of the PRC* (中華人民共和國增值稅暫行條例) promulgated on December 13, 1993 and last amended on November 19, 2017 and its implementation rules, all entities or individuals in the PRC engaging in the sale of goods, the provision of processing services, repairs and replacement services, and the importation of goods are required to pay value-added tax.

According to the *Interim Administrative Measures on the Management of Levying and Collection of Value-Added Tax on sale of Self-developed Real Estate Project by the Real Estate Developers* (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on March 31, 2016 and implemented on May 1, 2016 by SAT, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax

In accordance with the requirements of the *Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例) (the "**Land Appreciation Tax Provisional Regulations**") promulgated on December 13, 1993, implemented on January 1, 1994 and amended on January 8, 2011, and the *Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax* (中華人民共和國土地增值稅暫行條例實施細則) (the "**Land Appreciation Tax Detailed Implementation Rules**") which were promulgated and implemented on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items.

Deed Tax

Pursuant to the *Interim Regulations of the People's Republic of China on Deed Tax* (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3 percent to 5 percent. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for record.

Urban Land Use Tax

Pursuant to the *Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas* (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and last amended on December 7, 2013, land use tax in respect of urban land is levied according to the area of relevant land.

Building Tax

In accordance with the *PRC Provisional Rules on Real Estate Tax* (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the *PRC State Council Order 546* (中華人民共和國國務院令第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the rate of 12% on rental income derived from real estate.

Stamp Duty

Under the *Interim Regulations of the People's Republic of China on Stamp Duty* (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988 and amended on January 8, 2011, for real estate transfer instruments, including those in respect of real estate ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permit and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Municipal Maintenance Tax and Education Surcharge

On October 18, 2010, the State Council issued *Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals* (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) to resume the collection of surtaxes from foreign invested enterprises, foreign enterprises and individuals, effective from December 1, 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises and individuals is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises and individuals is 3%.

REGULATIONS ON FOREIGN CURRENCY EXCHANGE

Under the *PRC Foreign Currency Administration Rules* (中華人民共和國外匯管理條例) promulgated in January 29, 1996 and revised in January 14, 1997 and August 5, 2008 and various regulations issued by SAFE and other relevant PRC government authorities, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of RMB into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

According to the Circular 13 which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration under SAFE Circular No. 37 will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

REGULATIONS ON LABOR AND SOCIAL SECURITY

On June 29, 2007, the PRC government promulgated the *PRC Labor Contract Law* (中華人民共和國勞動合同法), which became effective on January 1, 2008, amended on December 28, 2012 and became effective on July 1, 2013. Pursuant to the *PRC Labor Contract Law* and the *PRC Labor Law* (中華人民共和國勞動法), which became effective on January 1, 1995 and amended on August 27, 2009, (i) employers must execute written labor contracts with full-time employees, (ii) employers are prohibited from forcing employees to work overtime unless they pay overtime payment to the employees and the hours worked beyond the standard working hours are within the statutory limits, (iii) employers are required to pay salaries to employees on time and the salaries paid to employees shall not be lower than the local minimum salary standard, and (iv) employers shall establish its work safety and sanitation system, and provide employees with workplace safety training. In addition, in accordance with the relevant laws and regulations on social security, employers in the PRC are required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) and the housing fund on behalf its employees.

Pursuant to the *Social Insurance Law of the PRC* (中華人民共和國社會保險法) (the "**New Social Insurance Law**") promulgated on October 28, 2010 by the SCNPC and implemented on July 1, 2011, the *Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums* (社會保險費徵繳暫行條例) promulgated and implemented on January 22, 1999 by the State Council, the *Interim Measures Concerning the Maternity Insurance of Employees of an enterprise* (企業職工生育保險試行辦法) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, the *Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例) promulgated and implemented on April 3, 1999 and amended on March 24, 2002 by the State Council, the *Regulation on Occupational Injury Insurances* (工傷保險條例) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. After the New Social Insurance Law became effective, where an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed; and if it still fails to pay the premiums within the prescribed time limit, a fine of 1 to 3 times the outstanding amount might be imposed by the relevant administrative department.

HISTORY AND DEVELOPMENT

Early History and our Founder

The history of our Group can be traced back to 1996, when Mr. Ge Hekai founded Dafa Group, together with an independent individual investor. Mr. Ge Hekai has over 21 years of experience in the property development industry. He obtained an executive master of business administration degree from Antai College of Economics and Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院) in Shanghai, the PRC in October 2005.

In October 2006, Mr. Ge Yiyang, our executive Director and the son of Mr. Ge Hekai, joined our Group as a management trainee and successively held various key positions within the Group. Over the years, a senior management team led by Mr. Ge Yiyang has been built up. In 2015, Mr. Ge Hekai decided that it was the appropriate time for Mr. Ge Yiyang and his management team to take charge of the ongoing operations and management of our business.

Key Business Development Milestones

The following table sets forth the key business milestones of our Group:

Year	Milestone Event
1996	• Mr. Ge Hekai, our founder, founded Dafa Group, and started real estate development business.
2001	• We expanded our real estate development business to Shanghai and established Shanghai Dafa.
2003	• Nanjing Kairun Real Estate was established.
	• We commenced the construction of Shanghai Kai Run Jin Cheng (上海凱潤金城), a residential and commercial complex project.
2005	• We commenced the construction of Nanjing Kaixiang Huayuan (南京凱祥花苑), a residential project.
	• We were awarded the "Top 80 Real Estate Developers in Yangtze River Delta" (長江三角洲地區房地產開發企業80強).
2007-2011	• We were awarded the "Top 500 Real Estate Developers in China" (中國房地產開發企業500強) in 2007, 2008 and 2011, respectively.
2006-2012	• We were awarded the "Top 100 Real Estate Enterprises in China" (中國房地產企業100強) in 2006, 2009 and 2012, respectively.
2007	• Nanjing Kaihong Real Estate was established.
	• We commenced our commercial property operation business and Shanghai Kai Hong Plaza (上海凱鴻廣場) opened for business.
2008	• Anqing Kairun Property Development was established.
2009	• Nanjing Kaizhou Real Estate was established.
	• We were awarded the "Top 10 Brands of East China Real Estate Companies" (中國華東房地產公司品牌價值 TOP10).
2013	• Wenzhou Kairun Real Estate was established.
2014	• Shanghai Yinyi Real Estate was established.
2015	• Nanjing Kaixuan Real Estate was established.

Year	Milestone Event
2016	• Ningbo Kaiyang Real Estate was established.
2017	• Zhoushan Kaizhou Real Estate was established.
	• Wuhu Yinyi Real Estate was established.
	• Wenzhou Guiyin Real Estate, Wenzhou Kaize Real Estate and Anqing Yinyi Real Estate were established.
2018	• Jurong Xuanyin Real Estate, Sheyang Yuque Real Estate, Changxing Yinyi Real Estate, Pizhou Yinyi Real Estate, Wuhu Xuanyang Real Estate, Ningbo Yuyao Kairun Real Estate, Jiaxing Kaize Real Estate, Qionglai Hanyan Property Development and Yingde Yuque Real Estate were established.

Corporate Development

As of the Latest Practicable Date, we undertook our property projects through various project companies. We have also established a number of intermediate investment companies in the PRC to hold some of our project companies. Our major operating subsidiaries comprise our subsidiaries which have material contribution to our Group's performance during the Track Record Period. Details of our major operating subsidiaries as of the Latest Practicable Date are set forth below.

Shanghai Dafa

Shanghai Dafa is principally engaged in property development and the operation of commercial complexes and was established in the PRC on September 24, 2001 with an initial registered capital of RMB11,000,000. As of the date of establishment, Shanghai Dafa was owned as to 75%, 16%, 5% and 4% by Dafa Group, Mr. Ye Xiaoqing (葉小青), Mr. Chen Pengqing (陳鵬清) and Mr. Chen Haomei (陳豪眉), respectively. Mr. Ye Xiaoqing, Mr. Chen Pengqing and Mr. Chen Haomei are all Independent Third Parties.

On July 17, 2008, Dafa Group acquired 16%, 5% and 4% equity interests in Shanghai Dafa from Mr. Ye Xiaoqing, Mr. Chen Pengqing and Mr. Chen Haomei for an aggregate consideration of RMB74,560,000, which was determined after arm's length negotiations between parties with reference to the net assets of Shanghai Dafa as of December 31, 2007 and settled in December 2009. Upon completion of such transfer, Shanghai Dafa was wholly-owned by Dafa Group.

After a series of capital injections by Dafa Group, the registered capital of Shanghai Dafa was increased from RMB11,000,000 to RMB500,000,000.

As part of the Reorganization, Dafa Group transferred the entire equity interest in Shanghai Dafa to Wenzhou Kaiyang. For details, please see "Reorganization – The Onshore Reorganization" in this section.

Anqing Kairun Property Development

Anqing Kairun Property Development is principally engaged in property development and was established in the PRC on March 21, 2008 with an initial registered capital of RMB11,000,000. As of the date of establishment, Anqing Kairun Property Development was wholly-owned by Dafa Group.

On July 23, 2008, the registered capital of Anqing Kairun Property Development was increased from RMB11,000,000 to RMB50,000,000, all of which was contributed by Dafa Group.

On September 23, 2009, Shanghai Dafa acquired the entire equity interest of Anqing Kairun Property Development from Dafa Group for a consideration of RMB50,000,000, which was determined with reference to the then registered capital of Anqing Kairun Property Development and settled in December 2011. Upon completion of such transfer, Anqing Kairun Property Development became a wholly-owned subsidiary of Shanghai Dafa and thus a member of our Group.

On November 11, 2009, the registered capital of Anqing Kairun Property Development was increased from RMB50,000,000 to RMB100,000,000, all of which was contributed by Shanghai Dafa.

Nanjing Kaixuan Real Estate

Nanjing Kaixuan Real Estate is principally engaged in property development and was established in the PRC on January 13, 2015 with an initial registered capital of RMB58,000,000. As of the date of establishment, Nanjing Kaixuan Real Estate was wholly-owned by Shanghai Dafa.

As part of the trust financing plan for our Dafa Bliss Garden (大發融悅花園), Shanghai Dafa and Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司) ("**Dahua Huitong**"), a trust financing provider and an Independent Third Party, entered into a share transfer and repurchase agreement on March 26, 2015 pursuant to which, Dahua Huitong acquired 10% equity interest of Nanjing Kaixuan Real Estate from Shanghai Dafa for a consideration of RMB5,800,000, which was determined with reference to the then registered capital of Nanjing Kaixuan Real Estate and settled in April 2015. Upon completion of such transfer, Nanjing Kaixuan Real Estate was owned as to 90% and 10% by Shanghai Dafa and Dahua Huitong, respectively.

After the full repayment of the loan provided by Dahua Huitong, on November 23, 2016, Shanghai Dafa acquired 10% equity interest in Nanjing Kaixuan Real Estate from Dahua Huitong for a consideration of RMB5,800,000, which was determined with reference to the then registered capital of Nanjing Kaixuan Real Estate and settled in September 2016. Upon completion of such transfer, Nanjing Kaixuan Real Estate was wholly-owned by Shanghai Dafa.

On December 21, 2016, Shanghai Yinyi Information Technology, a limited partnership established by Shanghai Yinyi Investment and certain employees of our Group, acquired 4.66% equity interest in Nanjing Kaixuan Real Estate from Shanghai Dafa for a consideration of RMB2,702,800, which was determined with reference to the then registered capital of Nanjing Kaixuan Real Estate and settled in February 2018. Upon completion of such transfer, Nanjing Kaixuan Real Estate became an indirect non-wholly owned subsidiary of our Company, which was owned as to 95.34% by Shanghai Dafa and as to 4.66% by Shanghai Yinyi Information Technology.

As part of the Reorganization, Shanghai Dafa acquired 4.66% equity interest in Nanjing Kaixuan Real Estate. For details, please see "Reorganization – The Onshore Reorganization" in this section.

Shanghai Yinyi Real Estate

Shanghai Yinyi Real Estate is principally engaged in property development and was established in the PRC on October 10, 2014 with an initial registered capital of RMB100,000,000. As of the date of establishment, Shanghai Yinyi Real Estate was owned as to 53% by Shanghai Dafa and 47% by Shanghai Win Investment Development.

As part of the Reorganization, Shanghai Win Investment Development transferred 47% equity interest in Shanghai Yinyi Real Estate to Shanghai Dafa. For details, please see "Reorganization – The Onshore Reorganization" in this section.

Wenzhou Kairun Real Estate

Wenzhou Kairun Real Estate is principally engaged in property development and was established in the PRC on November 13, 2013 with an initial registered capital of RMB100,000,000. As of the date of establishment, Wenzhou Kairun Real Estate was owned as to Shanghai Dafa, Shanghai Win Investment Development and Ningbo Jushi Shareholding Investment Management Co., Ltd. (寧波聚石股權投資管理有限公司) ("**Ningbo Jushi**"), an Independent Third Party, as to 57%, 33% and 10%, respectively.

On May 5, 2016, Shanghai Dafa acquired 10% equity interest in Wenzhou Kairun Real Estate from Ningbo Jushi for a consideration of RMB11,852,100, which was determined after arm's length negotiation between parties with reference to the then registered capital of Wenzhou Kairun Real Estate and settled in May 2016. Upon completion of such transfer, Wenzhou Kairun Real Estate was owned as to 67% and 33% by Shanghai Dafa and Shanghai Win Investment Development, respectively.

As part of the Reorganization, Shanghai Win Investment Development transferred 33% equity interest in Wenzhou Kairun Real Estate to Shanghai Dafa. For details, please see "Reorganization – The Onshore Reorganization" in this section.

Nanjing Kairun Real Estate

Nanjing Kairun Real Estate is principally engaged in property development and operation of commercial complex and was established in the PRC on August 21, 2003 with an initial registered capital of RMB11,000,000. As of the date of establishment, Nanjing Kairun Real Estate was owned as to 79%, 7%, 5%, 5%, 2% and 2% by Dafa Group, Mr. Huang Chunhua (黃春華), Mr. Chen Pengqing (陳鵬清), Mr. Ge Heming, Mr. Jiang Hua (姜華) and Mr. Zhang Xinmin (章新民), respectively. Mr. Ge Heming is Mr. Ge Hekai's brother, Mr. Ge Yiyang's uncle and one of our Controlling Shareholders. Save as disclosed, all of the above individual shareholders of Nanjing Kairun Real Estate are Independent Third Parties.

On April 14, 2005, the registered capital of Nanjing Kairun Real Estate was increased from RMB11,000,000 to RMB56,000,000, which was contributed pro rata in accordance with the previous shareholding percentage held by the above shareholders by debt-to-equity.

On September 4, 2007, Dafa Group acquired 2% equity interest in Nanjing Kairun Real Estate from Mr. Zhang Xinmin for a consideration of RMB1,120,000, which was determined with reference to the then registered capital of Nanjing Kairun Real Estate and settled in August 2009. Upon completion of such transfer, Nanjing Kairun Real Estate was owned as to 81%, 7%, 5%, 5% and 2% by Dafa Group, Mr. Huang Chunhua, Mr. Chen Pengqing, Mr. Ge Heming and Mr. Jiang Hua, respectively.

On July 17, 2008, Dafa Group acquired 7%, 5%, 5% and 2% equity interest in Nanjing Kairun Real Estate from Mr. Huang Chunhua, Mr. Chen Pengqing, Mr. Ge Heming and Mr. Jiang Hua for an aggregate consideration of RMB61,174,300, which was determined after arm's length negotiation between parties with reference to the net assets of Nanjing Kairun Real Estate as of December 31, 2007 and settled in November 2009. Upon completion of such transfer, Nanjing Kairun Real Estate was wholly-owned by Dafa Group.

On September 19, 2009, Shanghai Dafa acquired the entire equity interest in Nanjing Kairun Real Estate from Dafa Group for a consideration of RMB56,000,000, which was determined with reference to the then registered capital of Nanjing Kairun Real Estate and settled in December 2014. Upon completion of such transfer, Nanjing Kairun Real Estate became a wholly-owned subsidiary of Shanghai Dafa and thus a member of our Group.

Wenzhou Yinyi Real Estate

Wenzhou Yinyi Real Estate is principally engaged in property development and was established in the PRC on June 19, 2015 with an initial registered capital of RMB100,000,000. As of the date of establishment, Wenzhou Yinyi Real Estate was wholly-owned by Shanghai Kaiyuan Trade.

As part of the trust financing plan for our Kaixin Jinyuan A (凱欣錦園A), Shanghai Kaiyuan Trade and Dahua Huitong, a trust financing provider and an Independent Third Party, entered into a share transfer and repurchase agreement on November 5, 2015, pursuant to which, Dahua Huitong acquired 10% equity interest in Wenzhou Yinyi Real Estate from Shanghai Kaiyuan Trade for a consideration of RMB10,000,000, which was determined with reference to the then registered capital of Wenzhou Yinyi Real Estate and settled in November 2015. Upon completion of such transfer, Wenzhou Yinyi Real Estate was owned as to 90% and 10% by Shanghai Kaiyuan Trade and Dahua Huitong, respectively.

After the full repayment of the loan provided by Dahua Huitong, on June 7, 2017, Shanghai Kaiyuan Trade acquired 10% equity interest in Wenzhou Yinyi Real Estate from Dahua Huitong for a consideration of RMB10,000,000, which was determined with reference to the then registered capital of Wenzhou Yinyi Real Estate and settled in June 2017. Upon completion of such transfer and after a series of subsequent equity transfers, Wenzhou Yinyi Real Estate was wholly-owned by Shanghai Kaiyuan Trade.

Ningbo Kaiyang Real Estate

Ningbo Kaiyang Real Estate is principally engaged in property development and was established in the PRC on November 16, 2016 with an initial registered capital of RMB100,000,000. Ningbo Kaiyang Real Estate has been our wholly-owned subsidiary since its establishment.

Wenzhou Guiyin Real Estate

Wenzhou Guiyin Real Estate is principally engaged in property development and was established in the PRC on February 28, 2017 with an initial registered capital of RMB100,000,000. Wenzhou Guiyin Real Estate has been our wholly-owned subsidiary since its establishment.

Shanghai Kaiyang Real Estate

Shanghai Kaiyang Real Estate is principally engaged in property development and was established in the PRC on December 11, 2015 with an initial registered capital of RMB100,000,000. As of the date of establishment, Shanghai Kaiyang Real Estate was wholly-owned by Shanghai Kaiyang Industry.

On May 11, 2018, the registered capital of Shanghai Kaiyang Real Estate was increased from RMB100,000,000 to RMB260,210,000, all of which was contributed by YinYi Holdings. Upon completion of such capital injection, Shanghai Kaiyang Real Estate was owned as to 61.57% and 38.43% by YinYi Holdings and Shanghai Kaiyang Industry, respectively.

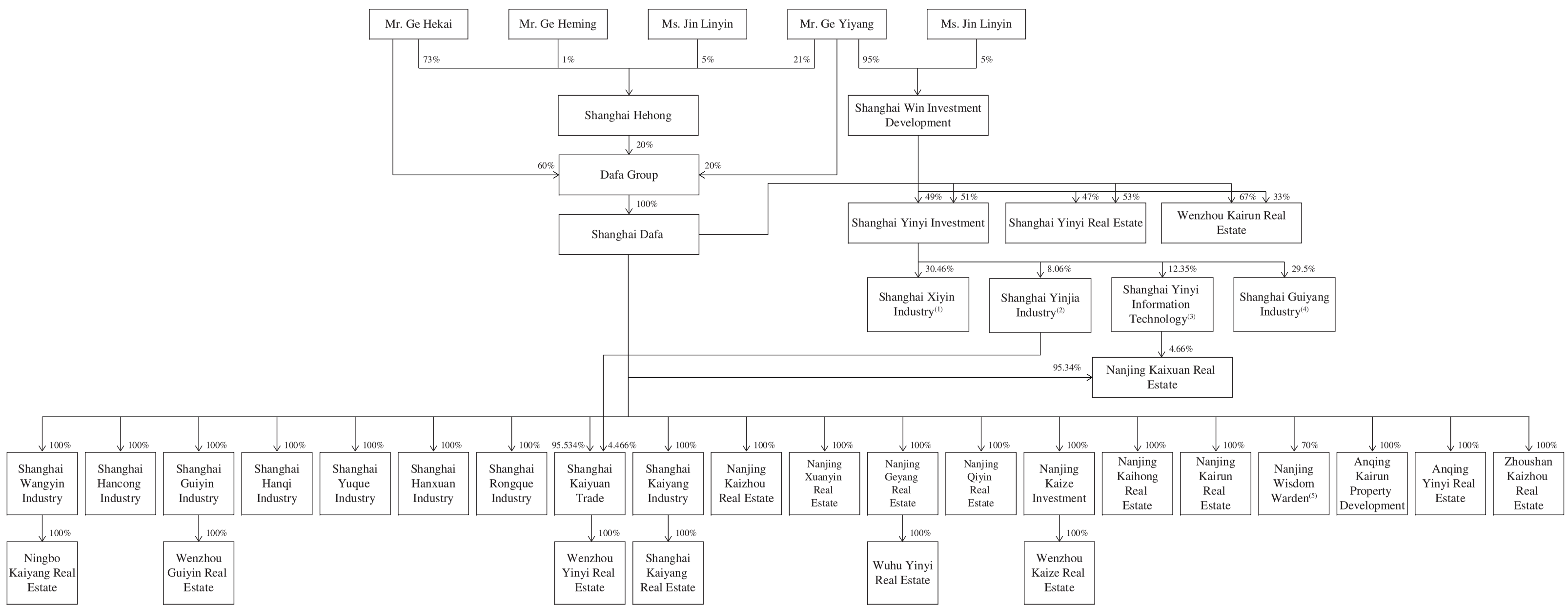
Other operating PRC subsidiaries

As of the Latest Practicable Date, in addition to the major subsidiaries set out above, our Group also had other operating subsidiaries in the PRC. For details of our subsidiaries, please see "Corporate Structure Immediately After The Reorganization and Before Completion of the Global Offering" in this section and the list of subsidiaries set out in Note 1 of the Accountants' Report in Appendix I to this prospectus.

REORGANIZATION

As part of our restructuring in contemplation of the Listing, we have implemented the Reorganization. The Reorganization can be broadly categorized into two parts: (1) the offshore reorganization (the "**Offshore Reorganization**"), which comprises steps undertaken in respect of the Company and our subsidiaries outside the PRC and (2) the onshore reorganization (the "**Onshore Reorganization**"), which comprises steps undertaken in respect of our subsidiaries in the PRC.

The following chart sets forth the shareholding structure of our Group immediately before the Reorganization.



Notes:

(1) The remaining 69.54% equity interest of Shanghai Xiyin Industry was held by the employees of the Group pursuant to the Collective Endeavor.

(2) The remaining 91.94% equity interest of Shanghai Yinjia Industry was held by Mr. Chi Jingyong, Mr. Yang Yongwu, Mr. Ge Lv (葛律), a cousin of Mr. Ge Yiyang and a nephew of Mr. Ge Hekai, Mr. Lin Gaoyan, Mr. Duan Xiaosu (段曉素), Mr. Kong Guisheng (孔貴生), our connected persons and other employees of the Group pursuant to the Collective Endeavor.

(3) The remaining 87.65% equity interest of Shanghai Yinyi Information Technology was held by Mr. Chi Jingyong, Mr. Yang Yongwu, Mr. Ge Lv, Mr. Lin Gaoyan, Mr. Duan Xiaosu, Mr. Kong Guisheng, our connected persons and other employees of the Group pursuant to the Collective Endeavor.

(4) The remaining 70.5% equity interest of Shanghai Guiyang Industry was held by the employees of the Group pursuant to the Collective Endeavor.

(5) The remaining 30% equity interest of Nanjing Wisdom Warden was held by Shanghai Kaiwei Disen Investment Development Co., Ltd. (上海凱濰迪森投資發展有限公司), which was wholly-owned by Mr. Ge Lv. As of the Latest Practicable Date, Shanghai Kaiwei Disen Investment Development Co., Ltd. was held as to 50% by Mr. Zhang Qiang (張強) and 50% by Mr. Mr. Lan Qingyuan (藍慶元), both of whom are Independent Third Parties.

The Offshore Reorganization

(i) Incorporation of investment holding companies by our Ultimate Controlling Shareholders

On December 12, 2017, Mr. Ge Hekai, Mr. Ge Yiyang, Ms. Jin Linyin and Mr. Ge Heming, each incorporated a wholly-owned investment holding company in the BVI, details of which are set forth in the table below:

Company Name	Shareholder	Equity interest
Splendid Sun	Mr. Ge Hekai[(1)]	100%
Glorious Villa	Mr. Ge Yiyang	100%
Shade (BVI)	Ms. Jin Linyin[(2)]	100%
Sound Limited	Mr. Ge Heming[(3)]	100%

Notes:

(1) Mr. Ge Hekai is the father of Mr. Ge Yiyang and one of our Controlling Shareholders.

(2) Ms. Jin Linyin is the mother of Mr. Ge Yiyang and one of our Controlling Shareholders.

(3) Mr. Ge Heming is the uncle of Mr. Ge Yiyang and one of our Controlling Shareholders.

Each of these companies has an authorized share capital of 50,000 ordinary shares with par value of US$1.00 each.

On December 12, 2017, He Hong was incorporated in the BVI with an authorized share capital of 50,000 ordinary shares with par value of US$1.00 each. On the same day, 73 shares, 21 shares, five shares and one share of He Hong were allotted and issued for cash at par to Splendid Sun, Glorious Villa, Shade (BVI) and Sound Limited, respectively. He Hong was then owned as to 73%, 21%, 5% and 1% by Splendid Sun, Glorious Villa, Shade (BVI) and Sound Limited, respectively.

(ii) Incorporation of our Company

On December 18, 2017, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. The initial authorized share capital of our Company was HK$380,000 divided into 380,000,000 Shares of HK$0.001 each. On December 18, 2017, one Share was allotted and issued for cash at par to our initial subscriber, and was subsequently transferred to Splendid Sun on December 19, 2018. On the same day, 59 Shares, 20 Shares and 20 Shares were allotted and issued for cash at par to Splendid Sun, Glorious Villa and He Hong, respectively. Our Company was then owned as to 60%, 20% and 20% by Splendid Sun, Glorious Villa and He Hong, respectively.

(iii) Incorporation of our offshore subsidiaries

On December 20, 2017, DaFa Blooms was incorporated in the BVI and is authorized to issue a maximum of 50,000 ordinary shares with par value of US$1.00 each. On the same day, 100 shares were allotted and issued to our Company for a consideration of US$100, and DaFa Blooms became a direct wholly-owned subsidiary of our Company.

On January 17, 2018, YinYi Holdings was incorporated in Hong Kong with a total amount of issued share capital of HK$100. On the same day, 100 shares were allotted and issued to DaFa Blooms for a consideration of HK$100, and YinYi Holdings became an indirect wholly-owned subsidiary of our Company.

(iv) Allotment and issue of Shares by our Company to Splendid Sun, Glorious Villa and He Hong

On April 20, 2018, our Company allotted and issued an aggregate of 100 Shares to Splendid Sun, Glorious Villa and He Hong at an aggregate consideration of USD70 million. Upon completion, the shareholding of our Company was set forth in the table below:

Shareholder	Number of newly allotted Shares	Consideration paid for the newly allotted Shares	Total number of Shares being held	Approximate Shareholding percentage
Splendid Sun	60	USD42 million	120	60%
Glorious Villa	20	USD14 million	40	20%
He Hong	20	USD14 million	40	20%
Total	**100**	**USD70 million**	**200**	**100%**

The Onshore Reorganization

(i) Establishment of Wenzhou Kaiyang

During the Track Record Period, we carried out our business through Dafa Group and its then subsidiaries, which primarily engaged in (i) property development and sales, (ii) investment and operations of commercial properties, and (iii) property management services. In preparation for the Listing, we underwent a corporate restructuring and Wenzhou Kaiyang was established on March 14, 2018 by YinYi Holdings as the exclusive platform to carry out our property development and commercial complexes operations businesses. Given that the office building leasing business of Dafa Group requires different expertise, skills and resources from the business of our Group, Dafa Group has been excluded from our Group after the Reorganization. Please refer to the section headed “Relationship with Controlling Shareholders” for further details.

(ii) Disposal of Nanjing Wisdom Warden

To streamline our Group’s organizational structure and to focus on our business, namely, (i) property development and sales and (ii) commercial property investment and operations, Shanghai Dafa disposed of its equity interest in Nanjing Wisdom Warden to an Independent Third Party on March 19, 2018. The consideration for the disposal was settled in April 2018.

Nanjing Wisdom Warden is primarily engaged in subleasing and property management business, which are not businesses that are in line with our business strategy. The resources and expertise required for carrying on the businesses of Nanjing Wisdom Warden are different from those required for our property development and commercial property operation business. By disposing Nanjing Wisdom Warden, we can focus our resources on the business of our Group. Please see below for the details of the disposal.

Name of company	Interests held by Shanghai Dafa before the Reorganization	Principal business	Transferee	Disposal consideration	Disposal completion date
1. Nanjing Wisdom Warden	70%	Subleasing and property management	Shanghai Qihuai Industry Development Co., Ltd. (上海琦淮實業發展有限公司)[1] ("**Shanghai Qihuai**")	RMB10,000,000 (determined after arm's length negotiations between the parties with reference to an independent valuation report)	March 19, 2018

Note: Shanghai Qihuai is an Independent Third Party.

For the accounting implications regarding the above disposal, please refer to the further information in Note 33 to the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

(iii) Equity transfer from Shanghai Win Investment Development to Shanghai Dafa

Prior to the Reorganization, certain equity interests in Shanghai Yinyi Real Estate, Wenzhou Kairun Real Estate and Shanghai Yinyi Investment were held by Shanghai Win Investment Development. As part of the Reorganization, such equity interests were transferred from Shanghai Win Investment Development to Shanghai Dafa, details of which are set out below:

(1) On March 28, 2018, Shanghai Win Investment Development transferred 47% of the equity interest in Shanghai Yinyi Real Estate to Shanghai Dafa at a consideration of RMB80,000,000, which was determined after arm's length negotiations between the parties with reference to an independent valuation report and settled in April 2018.

(2) On February 5, 2018, Shanghai Win Investment Development transferred 33% of the equity interest in Wenzhou Kairun Real Estate to Shanghai Dafa at a consideration of RMB1,000,000, which was determined after arm's length negotiations between the parties and settled in March 2018.

(3) On March 1, 2018, Shanghai Win Investment Development transferred 49% of the equity interest in Shanghai Yinyi Investment to Shanghai Dafa at a consideration of RMB4,900,000, which was determined after arm's length negotiations between the parties with reference to the net asset value of Shanghai Yinyi Investment as of December 31, 2017 and settled in March 2018.

Upon completion of the above equity transfers, Shanghai Yinyi Real Estate, Wenzhou Kairun Real Estate and Shanghai Yinyi Investment became direct wholly-owned subsidiaries of Shanghai Dafa.

(iv) Acquisition by Shanghai Dafa of minority interest in Nanjing Kaixuan Real Estate

On February 23, 2018, Shanghai Dafa acquired 4.66% equity interest in Nanjing Kaixuan Real Estate from Shanghai Yinyi Information Technology for a consideration of RMB5,731,100, which was determined after arm's length negotiations between the parties with reference to an independent valuation report and settled in April 2018. Upon completion of such acquisition, Nanjing Kaixuan Real Estate became a direct wholly-owned subsidiary of Shanghai Dafa.

(v) Acquisition of the entire equity interest in Shanghai Dafa by Wenzhou Kaiyang

On April 13, 2018, Dafa Group transferred the entire equity interest in Shanghai Dafa to Wenzhou Kaiyang at a consideration of RMB542 million, which was determined after arm's length negotiations between the parties with reference to an independent valuation report of Shanghai Dafa as of December 31, 2017 and settled in April 2018. Upon completion of such transfer, Shanghai Dafa became a foreign invested and re-invested enterprise wholly-owned by Wenzhou Kaiyang.

Our PRC legal advisors have confirmed that, all the share transfers and changes in registered capital in respect of our PRC subsidiaries as described above and the Onshore Reorganization have been conducted in compliance with applicable PRC laws and regulations and have been legally completed and duly registered with local registration authorities of the PRC.

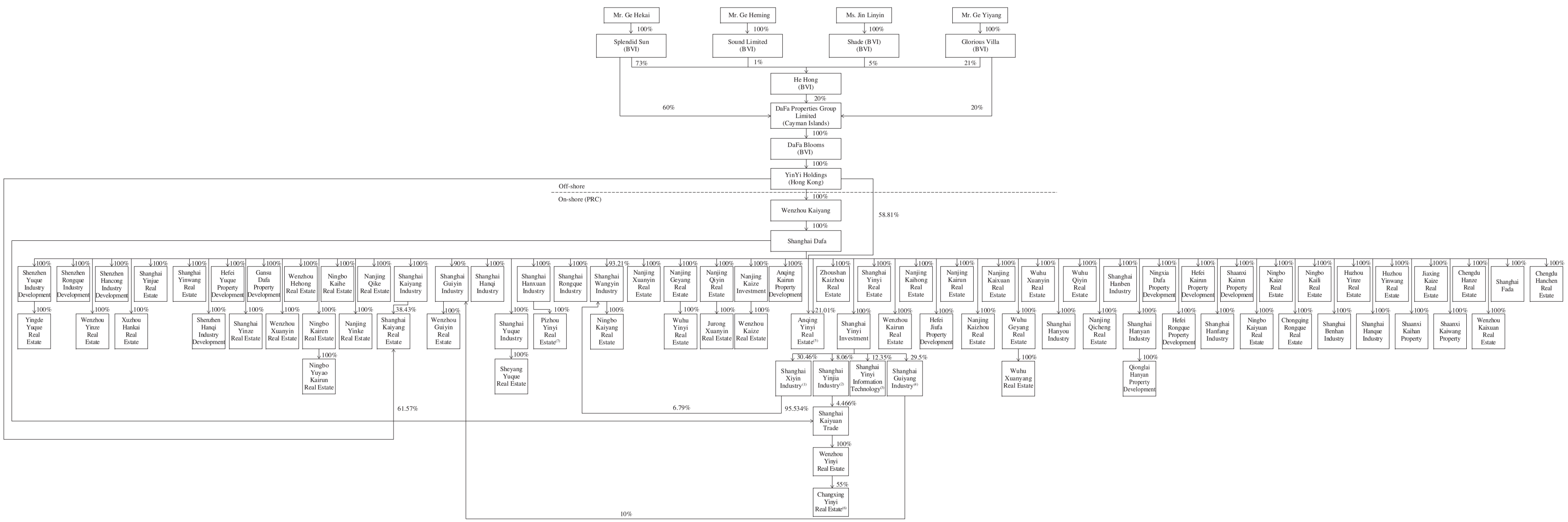
SUBSIDIARIES ESTABLISHED AND EQUITY INTEREST ACQUIRED OR TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

After the Track Record Period, we established certain subsidiaries to hold the lands to be acquired. Please see "Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 5. Changes in the share capital of our subsidiaries" in Appendix V to this prospectus for details.

Our Group also acquired or entered into agreements to acquire equity interest in certain companies that possess or have the rights to acquire land use rights for certain lands. For details, please see "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies" in this prospectus.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANIZATION AND BEFORE COMPLETION OF THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the Global Offering.



Notes:

(1) The remaining 69.54% equity interest of Shanghai Xiyin Industry was held by the employees of the Group pursuant to the Collective Endeavor.

(2) The remaining 91.94% equity interest of Shanghai Yinjia Industry was held by Mr. Chi Jingyong, Mr. Yang Yongwu, Mr. Ge Lv, Mr. Lin Gaoyan, Mr. Duan Xiaosu, Mr. Kong Guisheng, our connected persons and other employees of the Group pursuant to the Collective Endeavor.

(3) The remaining 87.65% equity interest of Shanghai Yinyi Information Technology was held by Mr. Chi Jingyong, Mr. Yang Yongwu, Mr. Ge Lv, Mr. Lin Gaoyan, Mr. Duan Xiaosu, Mr. Kong Guisheng, our connected persons and other employees of the Group pursuant to the Collective Endeavor.

(4) The remaining 70.5% equity interest of Shanghai Guiyang Industry was held by the employees of the Group pursuant to the Collective Endeavor.

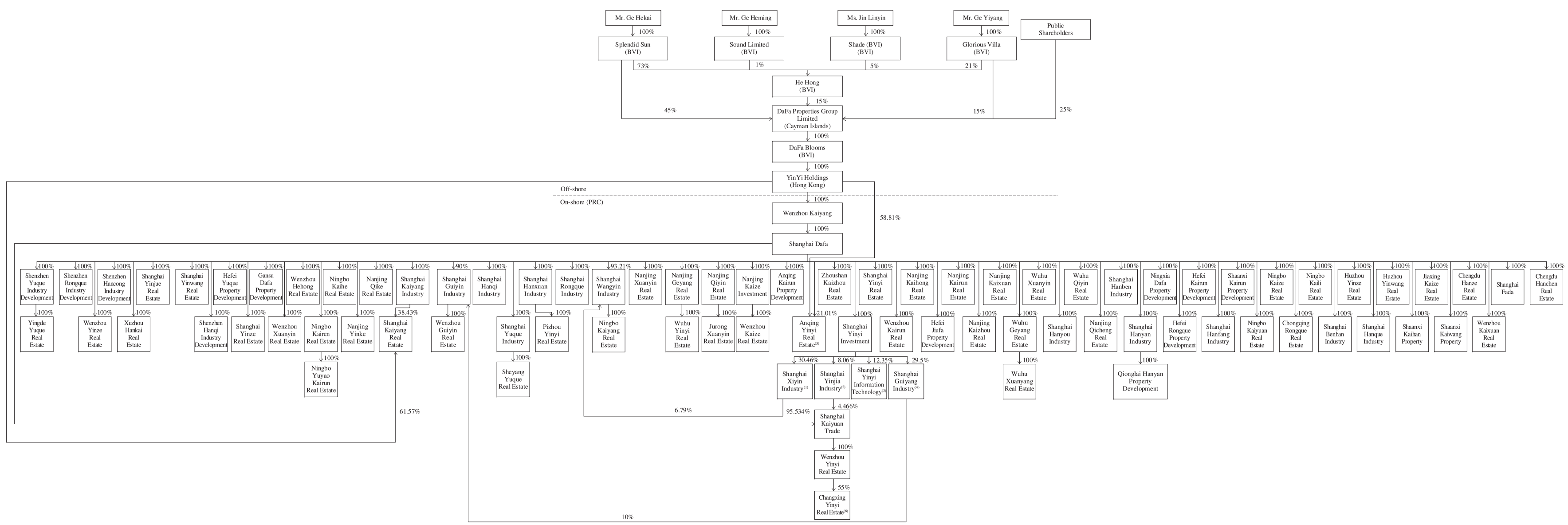
(5) The remaining 20.18% equity interest of Anqing Yinyi Real Estate was held by Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司), which is an independent third party.

(6) The remaining 45% equity interest of Changxing Yinyi Real Estate was held by Deguang Group Co., Ltd. (德光集團有限公司) as to 40% and Changxing Construction Property Development Co., Ltd. (長興建設房屋開發有限公司) as to 5%, respectively, both of which are independent third parties.

(7) We held 25% equity interest of Pizhou Yinyi Real Estate on behalf of Hangzhou Industrial Commercial Trust Co., Ltd. (杭州工商信託股份有限公司), an Independent Third Party. For details, please see "Business – Trust Financing and other Financing Arrangement.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised).



Note: Please refer to the notes under "– Corporate Structure Immediately After the Reorganization and Before Completion of the Global Offering" in this section.

PRC REGULATORY REQUIREMENTS

The Rules on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors in the PRC

According to the "Provisions Regarding Mergers and Acquisitions of Domestics Enterprises by Foreign Investors" (《關於外國投資者併購境內企業的規定》) (the "**Circular No. 10**") jointly issued by the MOFCOM, the SASAC, the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2008 and amended on June 22, 2009, where a domestic company, enterprise or natural person intends to acquire its or his/her related domestic company in the name of an offshore company which it or he/she lawfully established or controls such that it becomes a foreign invested enterprise, the acquisition shall be subject to the examination and approval of the MOFCOM; and where a domestic company or natural person holds an equity interest in a domestic company through an offshore special purpose company, any overseas listing of that special purpose company shall be subject to approval by the CSRC.

As advised by our PRC Legal Advisors, since Mr. Ge Hekai, Mr. Ge Heming, Ms. Jin Linyin and Mr. Ge Yiyang are all British citizens but not the domestic natural person defined under the Circular No. 10, Article 11 of the Circular No. 10 is not applicable to the acquisition of Shanghai Dafa by Wenzhou Kaiyang.

SAFE Registration in the PRC

Pursuant to SAFE Circular No. 37 issued by SAFE on July 4, 2014, where the PRC individual residents conduct investment in offshore special purpose vehicles with their legitimate onshore and offshore assets or equities, they must register with local SAFE branches with respect to their investments. SAFE Circular No. 37 also requires the PRC residents to file changes to their registration where their offshore special purpose vehicles undergo material events such as the change of basic information including PRC residence, name and operation period, as well as capital increase or decrease, share transfer or exchange, merger or division.

As advised by our PRC legal advisors, since Mr. Ge Hekai, Mr. Ge Yiyang, Ms. Jin Linyin and Mr. Ge Heming are all British citizens, they are not subject to the registration requirements under SAFE Circular No. 37.

OVERVIEW

We are an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. During the Track Record Period and up to June 30, 2018, we had a diverse portfolio of 29 projects consisting of 24 residential properties, four commercial complexes and one office floor. Of all the aforementioned projects, five projects are located in Shanghai, 24 projects are located in Jiangsu, Anhui and Zhejiang provinces.

As of June 30, 2018, we had land reserves with a total GFA of 2,238,827.22 sq.m., including (i) completed properties with a total saleable unsold GFA of 249,781.71 sq.m. and a total rentable GFA of 68,468.84 sq.m., accounting for 14.2% of our total land reserves, (ii) properties under development with a total planned GFA of 1,293,586.94 sq.m., accounting for 57.8% of our total land reserves and (iii) properties held for future development with a total planned GFA of 626,989.73 sq.m., accounting for 28.0% of our total land reserves.

During the Track Record Period, our business operations consisted of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services. We derive our revenue principally from the sales of properties we developed. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue generated from property development and sales was RMB615.8 million, RMB623.7 million, RMB4,476.6 million, RMB58.3 million and RMB854.6 million, respectively.

We position our brand as "Designing for Life" with a vision of providing high-quality properties and creating specific living scenes for our customers. We use the brand names "大发" or "大发地产" to carry out our business in China. To implement our market positioning strategy, we have developed five product series of residential property projects, namely, the Kai series (凱系列), the Continental series (歐陸系列), the Bliss series (融悦系列), the Jun Fu series (雋府系列) and the Holywell series (現代系列), each targeting different segments of our customers. Our property development process, starting from site selection to project planning and design, is also centered on the needs and preferences of our targeted customers from first-home purchasers to customers with home upgrade demand and to high-end customers.

We advocate the concept of "situational real estate." Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios. Our research methods include integrating customer insight and big data analysis, with site adaptability, spatial planning, public space design, human care, environmental friendliness and intelligent design taken into consideration. We classified the lives of our customers into six scenarios: "family stroll," "children's adventure," "leisure time for grandparents & children," "pleasant talk between neighbors," "fitness mania's ground," and "time with friends." See "– Property Development and Sales Process – Project Planning and Design."

We believe we are generally recognized in the industry. In the past few years, we have won numerous awards from several organizations, including "China Top 100 Real Estate Developers (中國房地產企業100強)" in 2016, 2017 and 2018, "The Star Developers among the 2016 China Top 100 Real Estate Developers (2016年中國房地產百強之星)," "Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)" in 2016 and 2017, "2018 China Top 100 Real Estate Developers (2018年中國房地產企業100強)" and "2018 China Special Real Estate Developers (2018中國特色地產運營優秀企業–情景地產)," all issued by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組), and the "Key Enterprise Contribution Award (重點企業貢獻獎)" from 2015 to 2018, all issued by Shanghai Hongkou District People's Government (上海市虹口區人民政府). See "– Awards."

We believe that our market position, together with our sizable land bank, our quality product offering and our property development and management capabilities along with brand recognition we achieved, all contributed to our sustainable and rapid expansion and financial success in the past. Our revenue grew from RMB689.0 million in 2015 to RMB4,569.6 million in 2017, and the total GFA delivered grew from 143,978 sq.m. in 2015 to 316,809 sq.m. in 2017. Our revenue grew from RMB88.0 million for the four months ended April 30, 2017 to RMB878.0 million for the same period in 2018, and the total GFA delivered increased by 153.6% from 14,691 sq.m. for the four months ended April 30, 2017 to 37,259 sq.m. for the same period in 2018.

COMPETITIVE STRENGTHS

We believe that the following competitive strengths contribute to our continued success and distinguish us from our competitors:

An expanding residential real estate developer taking root in Shanghai and intensively penetrating into the Yangtze River Delta Region

We are an expanding residential real estate developer. Since expanding our business to Shanghai in 2001 and setting up our headquarters in Shanghai, we have been taking root in Shanghai for 17 years and moving forward with the development of representative properties such as Shanghai Kai Run Jin Cheng (上海凱潤金城) and Dafa Bliss Huating (大發融悅華庭). We have focused on intensively penetrating into the real estate market in the Yangtze River Delta Region. Having expanded into Jiangsu Province since 2003 and into Anhui Province since 2008, our footprint has gradually covered certain major cities in the Yangtze River Delta Region such as Wenzhou, Shanghai, Nanjing, Anqing, Ningbo, Zhoushan and Wuhu. During the Track Record Period and up to June 30, 2018, we had a total of 29 property projects in different development stages in the Yangtze River Delta Region.

We are a real estate developer aiming to pursue sustainable growth. During the Track Record Period, our property development segment achieved substantial growth in terms of key indicators such as sales and sales area. Our revenue generated from property development and sales increased from RMB615.8 million in 2015 to RMB4,476.6 million in 2017, and from RMB58.3 million for the four months ended April 30, 2017 to RMB854.6 million for the same period in 2018. Our GFA delivered increased from 143,978 sq.m. in 2015 to 316,809 sq.m. in 2017, and from 14,691 sq.m. for the four months ended April 30, 2017 to 37,259 sq.m. for the same period in 2018.

Adhering to our business philosophy of "pursuing excellence with integrity and innovation," we believe that we have forged ahead and engaged in constant innovation, and established a good reputation and quality brand image among our customers through the development of high-end projects and the construction of premium properties. We believe we are generally recognized in the industry. In the past few years, we have won numerous awards from several organizations, including "China Top 100 Real Estate Developers (中國房地產企業100強)" in 2016, 2017 and 2018, "The Star Developers among the 2016 China Top 100 Real Estate Developers (2016年中國房地產百強之星)," "Top 10 Brands of East China Real Estate Companies (中國華東房地產公司品牌價值TOP10)" in 2016 and 2017, "2018 China Top 100 Real Estate Developers (2018年中國房地產企業100強)" and the "2018 China Special Real Estate Outstanding Operation Enterprise – Situational Real Estate (2018中國特色地產運營優秀企業–情景地產)," all issued by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組), and the "Key Enterprise Contribution Award (重點企業貢獻獎)" from 2015 to 2018, all issued by Shanghai Hongkou District People's Government (上海市虹口區人民政府). See "– Awards."

Land reserves in core cities of the Yangtze River Delta Region and efficient land acquisition capabilities

Relying on our understanding of the real estate market in the Yangtze River Delta Region, we have adhered to our intensive penetration and aggressive expansion strategy in the region, and selected and acquired lands that we believe are situated in premium cities accordingly. During the Track Record Period, we acquired lands at premium locations, such as Shanghai and Nanjing, and derived substantial revenue through the projects developed on these lands. Our land reserves are mainly located in the core cities of the Yangtze River Delta Region such as Shanghai, Nanjing, Ningbo and Wenzhou. For new cities that we expand our business into, we have adopted prudent assessment criteria and conducted in-depth preliminary studies to strengthen our land acquisition capabilities. We believe our quality land reserves and their strategic positioning will provide us with a strong foundation in real estate development and support our long-term steady and sustainable growth.

During the Track Record Period, we mainly acquired lands through tender, auction or listing-for-sale. As of June 30, 2018, we had land reserves with a total GFA of 2,238,827.22 sq.m., including (i) completed properties with a total saleable unsold GFA of 249,781.71 sq.m. and a total rentable GFA of 68,468.84 sq.m., accounting for 14.2% of our total land reserves, (ii) properties under development with a total planned GFA of 1,293,586.94 sq.m., accounting for 57.8% of our total land reserves and (iii) properties held for future development with a total planned GFA of 626,989.73 sq.m., accounting for 28.0% of our total land reserves.

We believe that we have developed accurate market judgment and vision allowing us to achieve a high rate of return on our land acquisition. Our land parcels for properties under development and for future development as of June 30, 2018 were valued at RMB7,854.4 million by JLL, while the land premiums for these lands were approximately RMB7,019.9 million.

An advocate of situational real estate and a practitioner of quality real estate, providing housing and leading people to a better life

We stepped into the real estate industry with the initial aspiration of "building good houses" 25 years ago. As of today, our initial aspiration remains unchanged. But as the demands of our customers have gradually upgraded from "living comfortably" to "living happily," our goal has risen from "providing a comfortable living space" to "Designing for Life."

Life is composed of different situations. Therefore, we advocate the concept of "situational real estate." Based on the daily activities and emotional needs of our customers, we have installed equipment and facilities and arranged spaces to set up specific scenarios and the "situational real estate" concept is implemented in certain of our projects. Our research methods include integrating customer insight and big data analysis, with site adaptability, spatial planning, public space design, human care, environmental friendliness and intelligent design taken into consideration. We classified the lives of our customers into six scenarios: "family stroll," "children's adventure," "leisure time for grandparents & children," "pleasant talk between neighbours," "fitness mania's ground," and "time with friends." See "– Property Development and Sales Process – Project Planning and Design." In 2018, we won the "2018 China Special Real Estate Outstanding Operation Enterprise – Situational Real Estate (2018中國特色地產運營優秀企業 – 情景地產)" award issued by the China Real Estate Top 10 Research Team (中國房地產TOP10研究組).

We are also a practitioner of quality real estate. Upholding our "100+ Quality" slogan with the primary goal of surpassing competing properties, we are committed to providing our property owners with the 100-point living experience. To this end, we implement stringent construction standards, operating procedures and quality controls. We choose third-party design and construction companies with strict and standard processes. For instance, when selecting an external design team, we carefully consider the team's success with similar cases in the area, the consistency of the architectural style adopted in successful cases with that in our projects, and the biographies and excellence of members of the team. Our selection process includes selection of outstanding design companies in the industry, comparison and selection of bidding concept solutions, review of service proposals and grading of team members for evaluation of design bids etc. for final determination of the design company with the winning bid.

We believe the top-tier domestic and international design companies we chose bring us and our customers first-class designs. For example, we hired a series of well-known teams for Ningbo Hai Jun Fu, with Allied Architects International (Canada) Inc. as the construction solution company, and certain well-known design companies in charge of the landscape and interior design, joining hands with strong business partners to create a campus-style series. Our goal has increased from providing housing to leading people to a better life.

We believe our high-quality situational real estate has henceforth enhanced our product competitiveness, and attracted more customers to our constructed living environment designs, and our customers became more satisfied with our services.

Customer-oriented residential products designed to meet customer demands; superiorly-situated commercial properties that bring in stable cash flows

We focus on developing residential properties. Our residential products are customer-oriented, aiming to serve the needs of a wide range of customers from first-home purchasers with rigid demands to customer groups seeking to improve their living environment, and high-end customers. We understand the significance of purchasing a residential property to our customers, and will take accountability for our customers' choices by providing quality products.

We divide our residential products into five series:

- Kai series (凱系列) – The Kai series features multi-functional, modern and metropolitan elements with the use of granite and horizontal shutters to give the buildings a sculpture-like look, making them stand out in the most prosperous areas of the city. Representative projects of the Kai series include Shanghai Kai Run Jin Cheng (上海凱潤金城) and Nanjing Kaihong Junfu (南京凱鴻雋府).

- Continental series (歐陸系列) – The Continental series features a continental style with conventional and magnificent exterior views, combined with a simple yet elegant interior design. The Continental series adopts a symmetrical structure, French style pillars and carved patterns. Representative projects of the Continental series include Kaixin Jinyuan A (凱欣錦園A).

- Bliss series (融悅系列) – The Bliss series features a neo-Asian style with oriental elements, emphasizing the merging and harmony between architecture and the environment and reflecting the low-profile and open mindset of China's new middle class. Representative projects of the Bliss series include Dafa Bliss Oriental (大發融悅東方), Dafa Bliss Four Seasons (大發融悅四季) and Bliss Xinjie Residence (融悅新界公館).

- Jun Fu series (雋府系列) – The Jun Fu series is located at the merging point of old city areas and newly developed districts with abundant educational resources. The Jun Fu series features campus and postmodern styles inspired by the University of Michigan, Ann Arbor campus, satisfying the residents' pursuit of exquisiteness and exclusivity. The representative project of the Jun Fu series is Hai Jun Fu (海雋府).

- Holywell series (現代系列) – The Holywell series features an avant-garde style that borrows ideas from the arc shape of yachts, widely adopted French windows and balconies with views, metallic elements, and the bold comparison of black-and-white to redefine modern style luxury homes. The representative project of the Holywell series is Kaize Jinyuan (凱澤錦園) in Wenzhou.

Among all five series, the Kai series targets first-home purchasers and home upgraders. The Continental series and the Bliss series target populations seeking to improve their housing experience. The Jun Fu series specifically targets families that value education with its close proximity to abundant educational resources and its campus-style designs. The Holywell series is located at city centers and targets high-end customers.

Our commercial real estate business is a good supplement to our residential real estate. Our commercial properties, for example Nanjing IST Mall, Shanghai Kai Hong Plaza, Affiliated Commercial Property of Nanjing Kaihong Junfu and Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou), are situated in locations with convenient transportation facilities and within proxy to residential areas, which we believe are or will be capable of bringing in stable cash flows for our development. We position our commercial properties as integrated lifestyle centers within the relatively promising areas of a city, so as to satisfy the different demands of customers. Thus, we believe we are able to enhance the value of the region, improve customers' living circumstances, and grow and develop together with the city.

The synergic integration of commercial property projects and residential property projects will create a favorable synergistic effect. Commercial properties bring us stable rental income which we believe can supplement the cash flow of our residential property development business and mitigate risks associated with the residential property development business, such as price volatility and schedule-related uncertainty. Meanwhile, we believe commercial properties can enhance the overall positioning, attractiveness and investment value of real estate projects and drive the growth of residential property sales. For example, Shanghai Kai Hong Plaza is part of Shanghai Kai Run Jin Cheng; it serves to empower the residential portion of Shanghai Kai Run Jin Cheng. In addition, the brand effect of commercial properties also builds customer loyalty for our residential property projects. We believe that with many years of accumulated experience, our operation model for commercial properties has increasingly matured. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, the average occupancy rate of our commercial properties was approximately 80.6%, 87.0%, 91.5%, 89.1% and 91.5%, with operating income amounting to RMB66.7 million, RMB73.7 million, RMB85.0 million, RMB27.2 million and RMB21.9 million, respectively. As of April 30, 2018, the fair value of our commercial properties reached RMB2,537.2 million.

Active and prudent financial policies and operations

We have implemented financial policies that balance progressivity and stability. We have continuously diversified our financing channels to meet capital requirements. Our funding sources are diversified, including land mortgage financing, project development financing, fixed assets financing and working capital loans provided by commercial banks, as well as debt financing offered by trust companies and asset management companies. During the Track Record Period, we cooperated with major asset management companies including Ping An Trust Co., Ltd. and China Huarong Asset Management Co., Ltd. Shanghai Branch. We also adopted standardized project development and management procedures to raise operational efficiencies. Our system covers detailed steps of all major workflows during our project cycle, with detailed delegation to all responsible personnel. For time-line of project development, we aim to commence construction within three months upon acquisition of land, launch for pre-sale within three months upon commencement of construction and achieve positive cash flow turnaround within four months upon launching of pre-sale. Concurrently, we have clearly defined all major time periods and business support lines that are important to our operation flows to enable efficiency in filing for approval and commencing construction. We also adopt follow-up methods, using a background supporting mechanism to strengthen regional authorizations for operations, projects and administrations, and support regional standards and services.

On the other hand, we have pursued prudent financial management policies and managed our current assets levels to ensure the adequacy of our working capital by closely monitoring the cash position and the maturity status of borrowings. On our projects, we also implemented proper oversight measures. By auditing to manage risks, we managed to regulate investment, secure land, recruit personnel and lay down foundations in all workflows, to ensure good standing while expanding our operations.

Due to our diversified sources of capital and high-quality project portfolio, we continued to optimize our debt structure. As of April 30, 2018, bank loans due within one year or on demand, bank loans due from one to two years, bank loans due from two to five years and bank loans due beyond five years accounted for 18.9%, 15.7%, 25.2% and 40.2% of our total outstanding bank loans, respectively. Given our stable relationship with banks, our sound credit history and lower PBOC benchmark lending rates, we believe we will be able to lower our finance costs by replacing certain existing borrowings with lower-interest-rate borrowings. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, the effective interest rate for our financing was 10.1%, 9.3%, 10.1%, 9.0% and 10.2%, respectively.

Experienced senior management and executive operation team

Since the inception of our Company, we believe our dedicated, professional and experienced core management has made a significant contribution to our business growth. We believe the professionalism, stability, youthful energy, unity, loyalty and aspirations of our management are the key safeguards of our steady progress.

Mr. Ge Yiyang, our president, has more than 11 years of experience in the PRC property development sector. Mr. Ge Yiyang graduated from Aston University in Birmingham, UK with double bachelor's degrees in business administration and computer science in 2006. He then obtained a master's degree in business administration from and enrolled in the DBA Program offered by Cheung Kong Graduate School of Business in 2013 and 2016, respectively. Since joining the Company in 2006, Mr. Ge Yiyang has been in charge of managing over 100 employees. He has guided our fast and steady business growth and created a new generation of benchmarks for the growth of PRC real estate developers, assisting in the upgrade and development of the PRC real estate industry. Mr. Ge Yiyang has established himself as a leading voice among the new generation of real estate industry leaders in China, and also a core leading figure in advocating an innovative real estate ecosystem in China. Mr. Ge Yiyang widely acclaimed by the government for his entrepreneurial spirit and philanthropy. Mr. Ge Yiyang was awarded the Best Youth Model of 2017 (2017最佳青年榜樣) by The Sixth Organizing Committee of China Finance Summit (第六屆中國財經峰會組委會) in July 2017. He was awarded the Influential Individual of the Year (年度影響力人物) by the Times Creative and Change List (時代創變榜) in November 2017.

Our other senior management members also have an average of 10 to 15 years of experience in the real estate and related industries. For instance, our chief executive officer, Mr. Liao Lujiang, has over 11 years of experience in the PRC real estate industry. Mr. Liao had served respectively at Longfor Properties Co., Ltd. and at Shimao Property Holdings Limited. Our director, Mr. Chi Jingyong, has over 21 years of experience in the PRC real estate industry, with a first-class constructor qualification recognized by the PRC Ministry of Personnel and the Ministry of Construction, and certified cost engineer qualification recognized by the Ministry of Human Resources and Social Security and the Ministry of Housing and Urban-Rural Development. Our Director, Mr. Yang Yongwu, has an accountant qualification as granted by the Ministry of Finance. He is primarily responsible for the finances as well as legal matters of the Group, with over 15 years of experience in finance and operations.

Our management and operation team has extensive experience in real estate development, construction engineering, finance, accounting, management and other related fields. Their extensive industry knowledge, valuable industry experience and dedicated working attitude will help enable us to better serve our customers. To attract quality talent, we proactively recruit talents from reputable universities at home and abroad as well as competitive peer companies, and provide them with ongoing vocational training to enhance their abilities.

We adhere to the brand concept of “Designing for Life” and pursue a corporate culture of “Innovation, Creativity and Entrepreneurship.” Innovation is to think outside of the box, to break away from normal procedure, and to spot the development patterns in an aspect of work with a development-minded vision. This is the life source of our brand. Creativity is a way of thinking that opens our minds, keeps us fresh, lets us observe products, customers and industries absorbedly and discover development patterns more easily. Entrepreneurship is the spirit to grasp challenges and be unswerving, it is the combined fruition of innovation and creativity, and also the common dream of all the employees.

OUR STRATEGIES

We strive to become a leading residential real estate developer in the PRC. We intend to achieve our goal by pursuing the following strategies:

Continuing to deepen penetration in the Yangtze River Delta Region by establishing regional branches in Nanjing, Hefei and Wenzhou to explore land parcels with development potential and seeking opportunities in other cities such as Guangzhou of southern China, Wuhan of central China, Xi’an of northwestern China and Chengdu of southwestern China

We will continue to deepen penetration in the Yangtze River Delta Region, which is one of the biggest economic zones in the PRC with a more established real estate market. Since we have had a presence in the Yangtze River Delta Region for many years and our brand has gradually gained wider recognition among customers, we believe we have the geographical advantage in this market. When enlarging our investment footprints, we will choose regional hub cities in the Yangtze River Delta Region as key points, fanning out from point to area. We will continue to deepen penetration in the Yangtze River Delta Region by establishing regional branches in Nanjing, Hefei and Wenzhou to explore land parcels with development potential and seeking opportunities in other cities such as Guangzhou of southern China, Wuhan of central China, Xi’an of northwestern China and Chengdu of southwestern China.

We believe that the real estate markets in single core second-tier cities, such as Xi'an, Wuhan, Chengdu, Taiyuan, Changsha, Nanchang and other inland provincial capitals, will grow enormously in the next few years to balance regional economic development in the PRC, achieving structural adjustment. Meanwhile, the State Council has approved the establishment of eight national-level city clusters as of February 5, 2018 and are expected to approve another five, within which varying urban groups will form. Due to the driving effect arising from high-speed railways among core cities, the real estate markets in third-tier cities experiencing powerful growth will also have greater development potential, thereby serving as our target regions for development.

Giving priority to land parcels with well-developed railway transportation, advanced ancillary facilities, high-volume consumers, future development potential and reasonable land premiums, we will conduct our site selection in the densely-populated areas in cities when acquiring land parcels. We will also acquire land parcels for various uses. Although we prefer to focus on the development of residential property, we are open to commercial complex projects with cash flow balance when acquiring land parcels.

Continuing to enhance our financial structure

We will persistently implement a solid financial policy, closely monitor major financial indicators such as gearing ratio and interest coverage, prudently manage capital structure, cash flow and liquidity position as well as control cost and risk, with a view to achieving a high turnover rate of working capital and positive cash flow turnaround within nine months upon acquisition of land in 2019.

We also plan to expand diverse financing channels to further enhance our capital structure. We believe that our current debt ratio is relative healthy while there is still room for profit margin to grow, thereby providing greater flexibility for us to obtain financing. We plan to explore diversified financing channels following the successful listing, such as asset-backed securities programs, corporate bonds and other debt offerings. During the course of financing, we strive for a balance between time spent on acquiring funding and cost of capital. Our headquarters will continue to implement overall control of our cash flow to further improve the capital utilization efficiency.

Consolidating and strengthening product competitiveness and continuing to provide products developed from the customer perspective

We place high emphasis on product quality since it is closely linked with the brand image of our Group. We will persistently endeavor to improve our product quality, which will be beneficial for raising brand awareness and consumer recognition of our Group in the Yangtze River Delta Region as well as nationwide, boosting the implementation of our expansion and deployment plan. We will also seek to standardize more project series, design plans and development procedures in order to accelerate our sell-through rate using the scalable commercial model.

We will continue to provide products from the perspective of our customers. With changes in population structure and social attitudes, consumer demands for housing change constantly. We believe that the post-80s and post-90s generations are the dominant force of house purchases in the future, which are our major target customers. Compared with traditional families, new post-80s and 90s generation core families expect to build sound interpersonal relationships in daily life, engage in eventful activities and display personal tastes. Therefore, they attach great importance to garden landscapes that are based on social demands, the functional design of public areas and customer activities while focusing on basic factors such as building density, household function, living comfort and price-performance ratio. In addition, they have higher quality demands for space allocation, design details and community entertainment. With the increasing popularity of smart living, we aim to provide our customers with properties integrated with various smart living features by leveraging on the latest information technologies. We will take the characteristics of such target consumer groups as a breakthrough point and design well-targeted household and community facilities to satisfy their demands. Moreover, based on the various demands of different groups, we will continue to diversify our product lines to expand the coverage to more age groups and wider customer categories.

Optimizing corporate operations and improving our brand recognition

In the following five years, we will position our Group as a scalable housing enterprise. To achieve this goal, we intend to carry out product and business procedures standardization in order to improve our operating efficiency. We plan to further optimize the three-tier structure of our operating system, namely consisting of our headquarters, regional companies and project companies, and gradually grant authorization to the regional companies in the future so as to stimulate the regional companies to achieve deeper market penetration. By implementing an effective incentive mechanism, we will place emphasis on the establishment of a team culture to create corporate cohesion while encouraging healthy competition among regional companies. We believe that these measures will optimize corporate operations and enable us to accelerate our market launch and sell-through rate, with a view to achieving rapid turnover.

By improving product quality and strongly promoting the situational real estate concept, we plan to further enhance the recognition of "Dafa" in the minds of our consumers. Additionally, we intend to upgrade our brand communication model from a single-channel approach to a multi-channel approach and deepen the promotion of the "Dafa" brand through cooperative activities with established brands. We believe that our accumulative reputation will transform "Dafa" from a regionally famous brand to a nationally famous brand.

Increasing our talent reserves to meet rapid development in the future

With our business development nationwide, our demands for quality talent will also increase. In order to meet rapid development in the future, we intend to accelerate the establishment of the talent system, continue to improve the remuneration and benefits system and recruit capable talented personnel to increase our talent reserves. By leveraging our remuneration standard over the industry standard and maintaining an open culture, our Company believes that we will be able to attract high-quality talents from home and abroad.

To induce our employees' sense of achievement, we have designed incentive plans named Collective Endeavor (共創) and Collective Triumph (共贏). The Collective Endeavor plan allows its participants to invest in our project companies and share the profits when certain conditions are met. The Collective Triumph plan is a reward mechanism distributing bonuses to employees according to their positions and performances. We believe that our Collective Endeavor and Collective Triumph incentive plans may mobilize the morale and entrepreneurial spirit of our employees, and tie our employees' personal growth to the development of our Group. See "– Employees."

OUR BUSINESS

We focus our business activities across the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in China.

During the Track Record Period, our business operations consisted of three principal business lines: (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our total revenue amounted to RMB689.0 million, RMB704.6 million, RMB4,569.6 million, RMB88.0 million and RMB878.0 million, respectively. The table below sets forth a breakdown of our total revenue by business line and nature of income for the periods indicated:

		For The Year Ended December 31,						For The Four Months Ended April 30,			
Business line	Nature of income	2015		2016		2017		2017		2018	
		Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
		(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
								(unaudited)			
Property development and sales	Sales of properties	615,760	89.4	623,671	88.5	4,476,569	98.0	58,336	66.3	854,627	97.3
Commercial property investment and operations	Rental and fee income	66,729	9.7	73,675	10.5	85,044	1.9	27,228	30.9	21,869	2.5
Property management services	Property management fees	6,506	0.9	7,300	1.0	8,023	0.2	2,482	2.8	1,479	0.2
Total		**688,995**	**100.0**	**704,646**	**100.0**	**4,569,636**	**100.0**	**88,046**	**100.0**	**877,975**	**100.0**

During the Track Record Period and up to June 30, 2018, we had a diverse portfolio of 29 projects consisting of 24 residential properties, four commercial complexes and one office floor.

Residential Properties. We divide our residential properties into five series:

- Kai series (凱系列) – targeting first-time buyers, population seeking to improve their housing experience and population seeking high-end properties. The Kai series features multi-functional, modern and metropolitan elements with the use of granite and horizontal shutter to give the buildings a sculpture look, making them stand out in the most prosperous area of the city. The Kai series includes the Affiliated Commercial Property of Nanjing Kaihong Junfu (南京凱鴻雋府配套商業).

- Continental series (歐陸系列) – targeting population seeking to improve their housing experience. The Continental series features continental style with the conventional and magnificent exterior view, combined with simple yet elegant interior design. The Continental series adopts symmetrical structure, French style pillars and carved patterns. Representative projects of the Continental series include Kaixin Jinyuan (凱欣錦園).

- Bliss series (融悦系列) – targeting population seeking to improve their housing experience. The Bliss series features neo-Asian style with oriental elements, emphasizing the merge and harmony of architecture and the environment and reflecting the low-profiled and open mindset of China's new middle class. Representative projects of the Bliss series include Dafa Bliss Oriental (大發融悦東方), Dafa Bliss Four Seasons (大發融悦四季) and Bliss Xinjie Residence (融悦新界公館). The Bliss series includes the Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou) (大發融悦東方(溫州)) which is under development.

- Jun Fu series (雋府系列) – targeting population seeking to improve their housing experience. The Jun Fu series properties are located at the merge point of old city areas and newly developed districts. The Jun Fu series features preppy style and postmodern style sprang from the campus of University of Michigan, Ann Arbor, satisfying the residents' pursuance exquisiteness and exclusivity. The representative project of the Jun Fu series is Hai Jun Fu (海雋府).

- Holywell series (現代系列) – typically located at city centers and targeting high-end customers. Holywell series features avant-garde style by borrowing ideas from the arc shape of yacht, widely adopting French windows and balconies with views and using metallic elements and the bold comparison of black-and-white to redefine modern style luxury homes. The representative project of the Holywell series is Kaize Jinyuan (凱澤錦園) in Wenzhou.

Commercial Complexes and Office Floor. We own four commercial complexes in Shanghai, Nanjing and Wenzhou, of which three are completed and one is under development. We also own one office floor in Shanghai. We operate all of them.

- Shanghai Kai Hong Plaza (上海凱鴻廣場) – featuring high-end, professional and decent style, as well as kids-friendly facilities and businesses that promote leisure, joy and family bonding.

- Nanjing IST Mall (南京艾尚天地) – featuring vibrant, modern and individualistic style that targets at urban residents who enjoy socializing, exploring new frontiers and consuming for what they believe in.

- Affiliated Commercial Property of Nanjing Kaihong Junfu (南京凱鴻雋府配套商業) – featuring next-door and down-to-earth daily services that target at residents in its surrounding areas and provide convenience to their life.

- Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou) (大發融悦東方(溫州)配套商業) – a project under development in Wenzhou which is planned for retail usage that targets at residents in its surrounding areas.

- Harbour Ring Plaza (港陸廣場) – an office building located in Shanghai serving international and domestic corporations. We own seven offices on the 19th floor of the office building.

OUR PROJECT PORTFOLIO

The manner in which we classify our projects may be different from the classifications employed by other property developers. Each property project or project phase may require multiple land use rights certificates, construction work commencement permits, pre-sales permits and other permits and certificates, which may be issued at different times in the development process. The table below sets forth the differences between our classification of properties and the classification of properties adopted in the property valuation report set out in Appendix III and in the consolidated financial statements set out in Appendix I to this prospectus:

Classification by us	Property valuation report	Accountants' report
Completed projects Projects or project phases for which the requisite certificates of completion have been obtained	• Group I – Properties held for sale by the Group in the PRC • Group II – Properties held for investment by the Group in the PRC	• Completed properties for sale • Investment properties
Projects under development Projects or project phases for which the requisite land use rights certificates and construction work commencement permits have been obtained but the requisite certificates of completion have not yet been obtained	• Group II – Properties held for investment by the Group in the PRC • Group III – Properties held under development by the Group in the PRC	• Investment properties • Properties under development
Projects held for future development Projects or project phases for which the relevant land use rights certificates or land grant contracts have been obtained but the requisite construction work commencement permits have not yet been obtained	• Group IV – Properties held for future development by the Group in the PRC • Group V – Properties contracted to be acquired by the Group in the PRC	• Properties under development

During the Track Record Period and up to June 30, 2018, we had a diverse portfolio of 29 projects consisting of 24 residential properties, four commercial complexes and one office floor. As advised by the PRC Legal Adviser, we had obtained all the requisite land use rights or entered into valid land grant contracts and, where relevant, building ownership certificates or real estate right certificates for our completed projects, projects under development and projects held for future development during the Track Record Period.

We focus our business activities across the Yangtze River Delta Region, one of the most economically prosperous and vibrant regions in China. Of all the aforementioned projects, five projects are located in Shanghai and 24 projects are located in Jiangsu, Anhui and Zhejiang provinces.

The map below shows the geographic coverage of our property portfolio during the Track Record Period and up to June 30, 2018:

Note: Numbers in the parenthesis represent the number of projects under different development stages during the Track Record Period and up to June 30, 2018.

Classification of Our Residential Properties

We categorize our residential properties as follows:

- Low-rise apartments (低層住宅) – residential buildings that typically have two to three storeys;
- Multi-storey apartments (多層住宅) – residential buildings that typically have four to six storeys;
- Mid-rise apartments (小高層住宅) – residential buildings that typically have seven to nine storeys;
- High-rise apartments (高層住宅) – residential buildings that typically have 10 storeys or more;
- Townhouses (聯排房屋) – residential house that are connected to each other and each such house typically has three to four storeys.

Land Reserves

The following table sets forth a summary of our land reserves by geographical location as of June 30, 2018:

	Completed		Under development	Future development	Total land reserves	Percentage of total land bank by geographical location
	Saleable GFA unsold(1)	Rentable GFA held for property investment(2)	Planned GFA under development(1)	Planned GFA(1)	Total GFA(1)	
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Shanghai	28,744.86	27,368.95	85,137.49	–	141,251.30	6.3
Nanjing	10,154.51	41,099.89	–	–	51,254.40	2.3
Wenzhou	199,958.93	–	191,291.85	–	391,250.78	17.5
Ningbo	–	–	172,594.78	–	172,594.78	7.7
Zhoushan	–	–	128,887.36	–	128,887.36	5.8
Wuhu	–	–	203,815.91	57,961.90	261,777.81	11.7
Anqing	10,923.41	–	511,859.55	58,032.41	580,815.37	25.9
Yancheng	–	–	–	209,685.00	209,685.00	9.4
Xuzhou	–	–	–	155,331.00	155,331.00	6.9
Huzhou	–	–	–	145,979.42	145,979.42	6.5
Total	**249,781.71**	**68,468.84**	**1,293,586.94**	**626,989.73**	**2,238,827.22**	**100.0**

Notes:

(1) Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant completion certificates or inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction work planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA. "Saleable GFA unsold" includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

(2) "Rentable GFA" refers to the internal floor area of a property, which has been allocated with shared floor area. It is space available to generate rental income.

Project Portfolio

The following table sets forth a breakdown of revenue recognized from property development and sales, the GFA delivered and the recognized ASP per sq.m. by each project for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, respectively.

	For The Year Ended December 31,									For The Four Months Ended April 30,					
	2015			2016			2017			2017			2018		
	GFA Delivered	Recognised Revenue	Recognised ASP	GFA Delivered	Recognised Revenue	Recognised ASP	GFA Delivered	Recognised Revenue	Recognised ASP	GFA Delivered	Recognised Revenue	Recognised ASP	GFA Delivered	Recognised Revenue	Recognised ASP
	(sq.m.)	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*
Kaixin Jin Yuan A (凱欣錦園A)	–	–	–	–	–	–	104,087	1,618,345	15,548	–	–	–	1,625	29,517	18,165
Dafa Bliss Garden (大發融悅花園) . . .	–	–	–	–	–	–	44,258	1,184,285	26,758	–	–	–	1,139	31,016	27,227
Dafa Bliss Huating (大發融悅華庭) . . .	–	–	–	–	–	–	42,767	1,171,037	27,382	–	–	–	21,895	741,308	33,857
Dafa Yi Jing Cheng (大發宜景城)	138,521	542,775	3,918	131,957	561,012	4,251	124,942	493,386	3,949	14,601	57,531	3,940	12,450	51,276	4,119
Nanjing Kai Run Jin Cheng ((南京凱潤金城) . . .	1,904	47,248	24,812	1,509	47,295	31,345	156	4,277	27,471	–	–	–	–	–	–
Dafa Yan Lan Wan (大發燕瀾灣)	3,303	23,450	7,099	1,350	11,831	8,766	452	2,812	6,218	–	–	–	–	–	–
Others	250	2,287	9,149	382	3,533	9,237	147	2,427	16,548	90	805	8,944	150	1,510	10,067
Total	143,978	615,760	4,277	135,198	623,671	4,613	316,809	4,476,569	14,130	14,691	58,336	3,971	37,259	854,627	22,937

The majority of our GFA delivered in 2015, 2016 and the first four months of 2017 were our project Dafa Yi Jing Cheng (大發宜景城) in Anqing, while the majority of our GFA delivered since the second half of 2017 were Dafa Bliss Huating (大發融悅華庭), Dafa Bliss Garden (大發融悅花園) and Kaixin Jin Yuan A (凱欣錦園A) located in Shanghai, Nanjing and Wenzhou, respectively.

The table below is a summary of our portfolio of property development projects as of June 30, 2018.

Project	Site area[1]	COMPLETED: Completed GFA[2]	COMPLETED: Saleable/ Rentable GFA[3]	COMPLETED: Saleable GFA unsold[4]	COMPLETED: Rentable GFA held for property investment[3]	UNDER DEVELOPMENT: Planned GFA under development[2]	UNDER DEVELOPMENT: Saleable/ Rentable GFA[3]	UNDER DEVELOPMENT: Saleable GFA pre-sold[4]	HELD FOR FUTURE DEVELOPMENT: Planned GFA[2]	HELD FOR FUTURE DEVELOPMENT: GFA without land use rights certificates	Actual/estimated commencement date for construction[5]	Actual/estimated commencement date for pre-sale of properties[6]	Actual/estimated completion date for construction[7]	Development costs incurred[8] as of April 30, 2018	Future development costs to be incurred[9] as of April 30, 2018	Market value[10]	Reference to property valuation report
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*				*(RMB million)*	*(RMB million)*	*(RMB million)*	
I. Residential Properties																	
SHANGHAI																	
1. Dafa Bliss Huating (大發融悦華庭)	45,428.20	118,137.51	107,302.59	24,721.69	–	–	–	–	–	–	May 2015	October 2015	September 2017	1,767.2	–	457.2	2
Residential		77,679.93	77,679.93	8,697.70	–	–	–	–	–								
Retail		4,970.19	4,970.19	2,489.53	–	–	–	–	–								
Ancillary		10,173.28	–	–	–	–	–	–	–								
Basement (inclusive of car parking spaces)		25,314.11	24,652.47	13,534.46	–	–	–	–	–								
2. Shanghai Kai Run Jin Cheng (上海凱潤金城)	16,929.00[12]	53,924.77	50,918.27	4,023.17	–	–	–	–	–	–	August 2003	June 2004	May 2006	656.5	–	32.1	15
Residential		34,164.42	34,164.42	–	–	–	–	–	–								
Retail		9,145.91	9,145.91	–	–	–	–	–	–								
Ancillary		3,006.50	–	–	–	–	–	–	–								
Basement (inclusive of car parking spaces)		7,607.94	7,607.94	4,023.17	–	–	–	–	–								
3. Dafa Bliss Four Seasons (大發融悦四季)	27,508.30	–	–	–	–	85,137.49	69,058.62	32,298.71	–	–	September 2016	December 2017	December 2019	1,321.8	226.4	1,905.3	1
Residential		–	–	–	–	42,915.56	42,915.56	32,298.71	–								
Affordable Housing		–	–	–	–	2,349.18	–	–	–								
Retail		–	–	–	–	9,234.03	4,832.71	–	–								
Ancillary		–	–	–	–	1,600.01	–	–	–								
Basement (inclusive of car parking spaces)		–	–	–	–	29,038.71	21,310.35	–	–								
NANJING																	
4. Dafa Bliss Garden (大發融悦花園)	32,450.88	68,724.60	50,959.37	3,884.86	–	–	–	–	–	–	August 2015	October 2015	June 2017	998.5	–	78.9	12
Residential		43,421.17	43,421.17	387.68	–	–	–	–	–								
Retail		1,833.38	1,833.38	1,537.00	–	–	–	–	–								
Storage Room		1,792.61	1,792.61	885.58	–	–	–	–	–								
Car parking spaces		3,912.21	3,912.21	1,074.60	–	–	–	–	–								
Ancillary		17,765.23	–	–	–	–	–	–	–								

Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	Planned GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/estimated commencement date for construction(5)	Actual/estimated commencement date for pre-sale of properties(6)	Actual/estimated completion date for construction(7)	Development costs incurred(8) as of April 30, 2018	Future development costs to be incurred(9) as of April 30, 2018	Market value(10)	Reference to property valuation report
	COMPLETED					UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT								
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(RMB million)	
5. Dafa Yan Lan Wan (大發燕瀾灣)	70,231.10	172,283.10	132,250.24	1,922.18	–	–	–	–	–	–	April 2010	January 2011	July 2013	1,111.2	–	19.9	13
Residential		123,216.74	123,216.74	–	–	–	–	–	–								
Retail		1,481.29	1,481.29	–	–	–	–	–	–								
Ancillary		41,381.34	1,348.48	1,348.48	–	–	–	–	–								
Basement (inclusive car parking lots)....		6,203.73	6,203.73	573.70	–	–	–	–	–								
6. Nanjing Kai Run Jin Cheng (南京凱潤金城)	35,961.50(13)	219,078.56	53,115.73	4,347.47	–	–	–	–	–	–	March 2006	December 2007	November 2011	1,609.3	–	122.1	14
Residential			41,851.22	118.39	–	–	–	–	–								
Basement (inclusive car parking lots)			11,264.51	4,229.08	–	–	–	–	–								
7. Nanjing Kaihong Junfu (南京凱鴻雋府)	27,242.50(14)	54,704.07	54,704.07	–	–	–	–	–	–	–	May 2008	December 2009	June 2010	423.9	–	N/A	N/A
Residential		30,608.96	30,608.96	–	–	–	–	–	–								
Retail		8,539.00	8,539.00	–	–	–	–	–	–								
Car parking spaces		15,556.11	15,556.11	–	–	–	–	–	–								
WENZHOU																	
8. Kaixin Jinyuan A (凱欣錦園A)	40,504.00	149,746.27	142,256.82	37,210.16	–	–	–	–	–	–	March 2014	April 2014	January 2017	1,679.4	–	171.1	3
Residential		107,295.40	107,295.40	4,154.67	–	–	–	–	–								
Retail		2,099.12	2,099.12	193.19	–	–	–	–	–								
Basement (inclusive of car parking spaces)		32,862.30	32,862.30	32,862.30	–	–	–	–	–								
Ancillary		7,489.45															
9. Kaixin Jinyuan B (凱欣錦園B)	45,562.10	167,179.82	162,748.77	162,748.77	–	–	–	–	–	–	December 2015	February 2016	March 2018	1,555.6	–	2,361.4	4
Residential		122,496.10	122,496.10	122,496.10	–	–	–	–	–								
Retail		4,418.92	4,418.92	4,418.92	–	–	–	–	–								
Basement (inclusive of car parking spaces)		35,833.75	35,833.75	35,833.75	–	–	–	–	–								
Ancillary		4,431.05	–	–	–	–	–	–	–								
10. Dafa Bliss Oriental (Wenzhou) (大發融悦東方(溫州))	26,576.31	–	–	–	–	116,355.12	113,696.86	70,793.67	–	–	October 2017	October 2017	March 2020	1,146.5	419.8	1,280.9	5
Residential		–	–	–	–	70,793.67	70,793.67	70,793.67	–								
Retail		–	–	–	–	2,346.71	2,346.71	–	–								
Basement (inclusive of car parking spaces)		–	–	–	–	28,176.48	28,176.48	–	–								
Resettlement Residential		–	–	–	–	12,380.00	12,380.00	–	–								
Ancillary		–	–	–	–	2,658.26	–	–	–								

		COMPLETED				UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT								
Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	Planned GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/estimated commencement date for construction(5)	Actual/estimated commencement date for pre-sale of properties(6)	Actual/estimated completion date for construction(7)	Development costs incurred(8) as of April 30, 2018	Future development costs to be incurred(9) as of April 30, 2018	Market value(10)	Reference to property valuation report
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*				*(RMB million)*	*(RMB million)*	*(RMB million)*	
11. Kaize Jinyuan (凱澤錦園)	14,712.73	–	–	–	–	70,910.53	69,086.68	–	–	–	December 2017	April 2018	February 2020	1,152.4	442.0	1,350.2	6
Residential		–	–	–	–	43,269.63	43,269.63	–	–								
Retail		–	–	–	–	4,859.61	4,859.61	–	–								
Ancillary		–	–	–	–	1,823.85	–	–	–								
Basement (inclusive of car parking spaces)		–	–	–	–	20,957.44	20,957.44	–	–								
NINGBO																	
12. Hai Jun Fu (海雋府)	61,226.00	–	–	–	–	172,594.78	132,744.92	118,541.79	–	–	June 2017	November 2017	August 2019	1,426.2	653.2	1,626.9	7
Residential		–	–	–	–	119,040.84	118,541.79	118,541.79	–								
Retail		–	–	–	–	1,275.19	1,267.42	–	–								
Basement (inclusive of car parking spaces)		–	–	–	–	48,941.36	12,935.71	–	–								
Ancillary		–	–	–	–	3,337.39	–	–	–								
ZHOUSHAN																	
13. Bliss Xinjie Residence (融悦新界公館)	38,198.69	–	–	–	–	128,887.36	82,742.20	42,355.60	–	–	November 2017	February 2018	May 2020	898.8	718.3	1,019.4	8
Residential		–	–	–	–	81,242.25	81,242.25	42,355.60	–								
Retail		–	–	–	–	1,499.95	1,499.95	–	–								
Basement (inclusive of car parking spaces)		–	–	–	–	44,992.48	–	–	–								
Ancillary		–	–	–	–	1,152.68	–	–	–								
WUHU																	
14. Dafa Bliss Oriental (Wuhu) 大發融悦東方(蕪湖)	93,967.00	–	–	–	–	203,815.91	199,781.84	62,563.27	–	–	March 2018	May 2018	March 2020	867.2	701.1	969.5	11
Residential		–	–	–	–	152,438.79	152,438.79	62,563.27	–	–							
Retail		–	–	–	–	1,597.40	1,597.40	–	–	–							
Basement (inclusive of car parking spaces)		–	–	–	–	45,745.65	45,745.65	–	–	–							
Ancillary		–	–	–	–	4,034.07	–	–	–	–							
15. Fanchang Dafa Bliss (繁昌•大發融悦)	22,197.00	–	–	–	–	–	–	–	57,961.90	–	August 2018	October 2018	December 2019	N/A	N/A	116.8	22
Residential		–	–	–	–	–	–	–	44,148.02	–							
Ancillary		–	–	–	–	–	–	–	236.98	–							
Basement (inclusive of car parking spaces)		–	–	–	–	–	–	–	13,576.90	–							

Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	Planned GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/estimated commencement date for construction(5)	Actual/estimated commencement date for pre-sale of properties(6)	Actual/estimated completion date for construction(7)	Development costs incurred(8) as of April 30, 2018	Future development costs to be incurred(9) as of April 30, 2018	Market value(10)	Reference to property valuation report
		COMPLETED				UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT								
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*				*(RMB million)*	*(RMB million)*	*(RMB million)*	
ANQING																	
Dafa Yi Jing Cheng (大發宜景城) (No. 1 – No. 4)																	
16. Dafa Yi Jing Cheng Phase I (大發宜景城一期)	207,422.3(11)	109,128.20	108,296.48	1,722.94	–	–	–	–	–	–	August 2009	July 2010	October 2012	439.2	–	12.0	10
Residential		91,946.40	92,979.93	1,722.94	–	–	–	–	–								
Retail		17,181.80	15,316.55	–	–	–	–	–	–								
17. Dafa Yi Jing Cheng Phase II (大發宜景城二期)	–(11)	207,198.25	190,400.79	3,553.49	–	–	–	–	–	–	January 2011	September 2011	July 2013	751.5	–	26.8	10
Residential		191,323.84	176,666.82	–	–	–	–	–	–								
Retail		15,874.41	13,733.97	3,553.49	–	–	–	–	–								
18. Dafa Yi Jing Cheng Phase III (大發宜景城三期)	76,557.45	237,666.07	237,666.07	–	–	–	–	–	–	–	May 2013	September 2013	June 2015	916.8	–	N/A	10
Residential		237,316.30	237,316.30	–	–	–	–	–	–								
Retail		349.77	349.77														
19. Dafa Yi Jing Cheng Phase IV (大發宜景城四期)	123,049.64	159,217.22	114,287.92	1,247.29	–	358,472.54	255,303.91	255,303.91	58,032.41	–	March 2015	July 2015	December 2019	1,411.0	44.2	1,202.5	10
Residential		113,205.42	112,179.28	1,013.49	–	252,539.93	252,539.93	252,539.93	19,313.71								
Retail		3,230.92	2,108.64	233.80	–	2,763.98	2,763.98	2,763.98	24,936.70								
Ancillary		–	–	–	–	28,998.84	–	–	250.00								
Basement		42,780.88	–	–	–	74,169.79	–	–	13,532.00								
20. Commercial Building of Dafa Yi Jing Cheng (大發宜景城商業樓)	5,614.46	4,399.69	4,399.69	4,399.69	–	–	–	–	–	–	September 2009	May 2011	March 2011	16.3	–	39.4	10
Retail		4,399.69	4,399.69	4,399.69	–	–	–	–	–								
21. Anqing Dafa Bliss (安慶大發融悅)	72,634.5	–	–	–	–	–	153,387.01	114,742.27	72,529.14	–	January 2018	May 2018	November 2019	–	893.8	694.0	9
Residential		–	–	–	–	–	111,766.06	111,766.06	72,529.14	–							
Retail		–	–	–	–	–	2,976.21	2,976.21	–	–							
Ancillary		–	–	–	–	–	2,801.48	–	–	–							
Basement (inclusive of car parking spaces)		–	–	–	–	–	35,843.26	–	–	–							

Project	Site area(1)	COMPLETED Completed GFA(2)	Saleable/ Rentable GFA(3)	Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	UNDER DEVELOPMENT Planned GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	HELD FOR FUTURE DEVELOPMENT Planned GFA(2)	GFA without land use rights certificates	Actual/estimated commencement date for construction(5)	Actual/estimated commencement date for pre-sale of properties(6)	Actual/estimated completion date for construction(7)	Development costs incurred(8) as of April 30, 2018	Future development costs to be incurred(9) as of April 30, 2018	Market value(10)	Reference to property valuation report
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)				(RMB million)	(RMB million)	(RMB million)	
YANCHENG																	
22. Yancheng Land Lot 201815 (鹽城201815地塊)	54,451.00	–	–	–	–	–	–	–	209,685.00	–	October 2018	December 2018	June 2020	N/A	N/A	295.2	20
Residential		–	–	–	–	–	–	–	162,693.00	–							
Retail		–	–	–	–	–	–	–	660.00	–							
Basement (inclusive of car parking spaces)		–	–	–	–	–	–	–	46,332.00	–							
XUZHOU																	
23. Xuzhou Dafa Bliss Oriental (徐州•大發融悅東方)	49,125.70	–	–	–	–	–	–	–	155,331.00	–	October 2018	November 2018	April 2020	N/A	N/A	257.8	21
Residential		–	–	–	–	–	–	–	118,524.00	–							
Retail		–	–	–	–	–	–	–	450.00	–							
Ancillary		–	–	–	–	–	–	–	3,840.00	–							
Basement (inclusive of car parking spaces)		–	–	–	–	–	–	–	32,517.00	–							
HUZHOU																	
24. Bliss Jinyuan (湖州•融悅錦園)	52,918.00	–	–	–	–	–	–	–	145,979.42	–	September 2018	January 2019	January 2020	N/A	N/A	402.2	23
Residential		–	–	–	–	–	–	–	104,279.66	–							
Ancillary		–	–	–	–	–	–	–	1,543.42	–							
Basement (inclusive of car parking spaces)		–	–	–	–	–	–	–	40,156.34	–							

Project	Site area(1)	Completed GFA(2)	Saleable/ Rentable GFA(3)	Saleable GFA unsold(4)	Rentable GFA held for property investment(3)	Planned GFA under development(2)	Saleable/ Rentable GFA(3)	Saleable GFA pre-sold(4)	Planned GFA(2)	GFA without land use rights certificates	Actual/estimated commencement date for construction(5)	Actual/estimated commencement date for pre-sale of properties(6)	Actual/estimated completion date for construction(7)	Development costs incurred(8) as of April 30, 2018	Future development costs to be incurred(9) as of April 30, 2018	Market value(10)	Reference to property valuation report
	COMPLETED					UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT								
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*				*(RMB million)*	*(RMB million)*	*(RMB million)*	
II. Commercial Complexes																	
25. Shanghai Kai Hong Plaza (上海凱鴻廣場)	16,819.00	25,869.96	–	–	25,869.96	–	–	–	–	–	August 2003	N/A	May 2006	230.3	–	1,038.9	18
Retail		25,869.96	–	–	25,869.96	–	–	–	–								
26. Nanjing IST Mall (南京艾尚天地)	3,028.6	35,920.51	–	–	35,920.51	–	–	–	–	–	December 2006	N/A	December 2011	432.0	–	1,336.1	16
Office		1,365.52	–	–	1,365.52	–	–	–	–								
Retail		33,345.10	–	–	33,345.10	–	–	–	–								
Supermarket		285.87	–	–	285.87	–	–	–	–								
Club		924.02	–	–	924.02	–	–	–	–								
27. Affiliated Commercial Property of Nanjing Kaihong Junfu (南京凱鴻雋府配套商業)	4,190.00	5,179.38	–	–	5,179.38	–	–	–	–	–	May 2008	N/A	January 2011	64.6	–	80.7	17
Office		570.73	–	–	570.73	–	–	–	–								
Retail		627.75	–	–	627.75	–	–	–	–								
Supermarket		3,980.90	–	–	3,980.90	–	–	–	–								
28. Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)配套商業)	1,463.63	–	–	–	–	4,026.20	4,026.20	–	–	–	October 2017	N/A	March 2020	21.4	8.9	28.4	5
Retail		–	–	–	–	4,026.20	4,026.20	–	–								
III. Office Spaces																	
29. Harbour Ring Plaza (港陸廣場)	118.00	1,498.99	–	–	1,498.99	–	–	–	–	–	N/A	N/A	N/A	43.8	–	64.2	19
Retail		1,498.99	–	–	1,498.99	–	–	–	–								

Notes:

(1) The “Site Area” data have been derived from the data contained in the relevant land use rights certificates and real estate title certificates.

(2) Data with respect to the GFA of (i) completed projects have been derived from the information contained in the relevant completion certificates or inspection certificates; and (ii) projects under development have been derived from the information contained in the relevant construction work planning permits. The total GFA of a property comprises saleable GFA and non-saleable GFA.

(3) “Saleable/rentable GFA” refers to the internal floor area of a property, which has been allocated with shared floor area. “Saleable/rentable GFA” comprises saleable GFA unsold, saleable GFA sold and rentable GFA held for property investment. “Rentable GFA” specifically refers to space available to generate rental income.

(4) “Saleable GFA unsold” includes properties which have been pre-sold. A property is considered sold after the Group has executed the relevant sale and purchase agreement and the property has been delivered to the customer. A property is considered delivered to a customer after the property has been completed, inspected and accepted as qualified. A property is considered pre-sold when the Group has executed the relevant sale and purchase agreement but the property has not yet been delivered to the customer.

(5) “Actual/estimated commencement date for construction” refers to the date on which construction of the first building of the project commenced or is estimated to commence based on Group’s internal records.

(6) “Actual/estimated commencement date for pre-sale of properties” refers to the date our Group obtained or is estimated to obtain a pre-sale permit for the project based on Group’s internal records.

(7) “Actual/estimated completion date for construction” of (i) completed projects refers to the date of the proof of examination and acceptance of completion for each project; and (ii) projects under development or planned for future development is based on our current estimation with reference to construction working plans.

(8) “Development costs incurred” refers to direct (unaudited) costs incurred for the relevant project including land acquisition costs, construction costs and capitalised interest costs.

(9) “Future development costs to be incurred” refers to the budgeted costs estimated to be incurred by us based on the development costs incurred as of April 30, 2018.

(10) “Market value” equals to value of the project as of the valuation date (June 30, 2018).

(11) The total site area of Dafa Yi Jing Cheng Phase I and Dafa Yi Jing Cheng Phase II is 207,422.3 sq.m.

(12) The total site area of Shanghai Kai Run Jin Cheng includes the site area of Shanghai Kai Hong Plaza.

(13) The total site area of Nanjing Kai Run Jin Cheng includes the site area of Nanjing IST Mall.

(14) The total site area of Nanjing Kaihong Junfu includes the site area of Affiliated Commercial Property of Nanjing Kaihong Junfu.

PROPERTY DEVELOPMENT AND SALES

As of June 30, 2018, among the 29 projects we own, 16 were completed, nine were under development and four were being held for future development.

Set forth below are the details about our projects.

Shanghai

1. Dafa Bliss Huating (大發融悅華庭)

Dafa Bliss Huating is a residential complex project developed by Shanghai Yinyi Real Estate. The project is located in Qingpu District of Shanghai and has an aggregate site area of 45,428.20 sq.m.. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in September 2014 for the acquisition of the project land at the aggregate consideration of approximately RMB1,058 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. Construction for this project commenced in May 2015. We obtained the certificate of completion for this project in September 2017.

This project comprises low-rise apartments, high-rise apartments, commercial properties, car parks and other public service facilities.

Below are details of this project as of June 30, 2018:

Construction period	28 months
Actual commencement date	May 2015
Actual completion date	September 2017
Development costs incurred as of April 30, 2018	RMB1,767.2 million
Total saleable GFA completed	107,302.59 sq.m.
Total saleable GFA completed and sold	82,580.90 sq.m.
Percentage of total saleable GFA sold	77.0%

2. Shanghai Kai Run Jin Cheng (上海凱潤金城)

Shanghai Kai Run Jin Cheng is a residential and commercial complex project under the development by Shanghai Dafa. The project is located in Hongkou District of Shanghai and has an aggregate site area of 16,929.00 sq.m.

We entered into a land grant contract in relation to the project in January 2002 for the acquisition of the project land at the aggregate consideration of approximately RMB27.8 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in May 2006.

This project comprises high-rise apartments and a commercial building.

Below are details of this project as of June 30, 2018:

Construction period	22 months
Actual commencement date	August 2003
Actual completion date	May 2006
Development costs incurred as of April 30, 2018	RMB656.5 million
Total saleable GFA completed	50,918.27 sq.m.
Total saleable GFA completed and sold	46,895.1 sq.m.
Percentage of total saleable GFA sold	92.1%

3. *Dafa Bliss Four Seasons (大發融悅四季)*

Dafa Bliss Four Seasons is a residential complex project under the development by Shanghai Kaiyang Real Estate. The project is located in Qingpu District of Shanghai and has an aggregate site area of 27,508.30 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in December 2015 for the acquisition of the project land at the aggregate consideration of approximately RMB860.0 million. We obtained the relevant land use rights certificates in April, 2016. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in September 2016.

Upon completion, this project will comprise low-rise apartments, mid-rise apartments, high-rise apartments, commercial properties, recreational facilities, car parks and other public service facilities.

Below are details of this project as of June 30, 2018:

Construction period	32 months
Actual commencement date	September 2016
Estimated completion date	December 2019
Development costs incurred as of April 30, 2018	RMB1,321.8 million
Estimated development costs to be incurred as of April 30, 2018	RMB226.4 million
Total saleable GFA under development	69,058.62 sq.m.
Total saleable GFA under development and pre-sold	32,298.71 sq.m.
Total planned GFA	85,137.49 sq.m.
Percentage of total saleable GFA pre-sold	46.8%

Nanjing, Jiangsu Province

4. Dafa Bliss Garden (大發融悅花園)

Dafa Bliss Garden is a residential complex project consisting of a variety of townhouses developed by Nanjing Kaixuan Real Estate. The project is located in the key sphere of the central urban area in Nanjing, Jiangsu Province and has an aggregate site area of 32,450.88 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into land grant contracts in relation to the project in December 2014 for the acquisition of the project land at the aggregate consideration of approximately RMB600.0 million. We obtained the relevant land use rights certificates in June 2015. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in August 2015.

Below are details of this project as of June 30, 2018:

Construction period	22 months
Actual commencement date	August 2015
Actual completion date	June 2017
Development costs incurred as of April 30, 2018	RMB998.5 million
Total saleable GFA completed	50,959.37 sq.m.
Total saleable GFA completed and sold	47,074.51 sq.m.
Percentage of total saleable GFA sold	92.4%

5. *Dafa Yan Lan Wan (大發燕瀾灣)*

Dafa Yan Lan Wan is a residential and commercial complex project under the development by Nanjing Kaizhou Real Estate. The project is located in Qixia District of Nanjing and has an aggregate site area of 70,231.10 sq.m.

We entered into a land grant contract in relation to the project in June 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB404.0 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in July 2013.

This project comprises high-rise apartments.

Below are details of this project as of June 30, 2018:

Construction period	38 months
Actual commencement date	April 2010
Actual completion date	July 2013
Development costs incurred as of April 30, 2018	RMB1,111.2 million
Total saleable GFA completed	132,250.24 sq.m.
Total saleable GFA completed and sold	130,328.06 sq.m.
Percentage of total saleable GFA sold	98.5%

6. Nanjing Kai Run Jin Cheng (南京凱潤金城)

Nanjing Kai Run Jin Cheng is a residential and commercial complex project under the development by Nanjing Kairun Real Estate. The project is located in Xuanwu District of Nanjing and has an aggregate site area of 35,961.50 sq.m.

We entered into a land grant contract in relation to the project in August 2003 for the acquisition of the project land at the aggregate consideration of approximately RMB460.0 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in November 2011.

Below are details of this project as of June 30, 2018:

Construction period	68 months
Actual commencement date	March 2006
Actual completion date	November 2011
Development costs incurred as of April 30, 2018	RMB1,609.3 million
Total saleable GFA completed	53,115.73 sq.m.
Total saleable GFA completed and sold	48,768.26 sq.m.
Percentage of total saleable GFA sold	91.8%

7. Nanjing Kaihong Junfu (南京凱鴻雋府)

Nanjing Kaihong Junfu is a residential and commercial complex project under the development by Nanjing Kaihong Real Estate. The project is located in Gulou District of Nanjing and has an aggregate site area of 27,242.50 sq.m.

We entered into a land grant contract in relation to the project in June 2007 for the acquisition of the project land at the aggregate consideration of approximately RMB230.0 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in January 2011.

This project comprises high-rise apartments and mid-rise apartments.

Below are details of this project as of June 30, 2018:

Construction period	25 months
Actual commencement date	May 2008
Actual completion date	June 2010
Development costs incurred as of April 30, 2018	RMB423.9 million
Total saleable GFA completed	54,704.07 sq.m.
Total saleable GFA completed and sold	54,704.07 sq.m.
Percentage of total saleable GFA sold	100.0%

Wenzhou, Zhejiang Province

8. Kaixin Jinyuan A (凱欣錦園A)

Kaixin Jinyuan A is a residential complex project developed by Wenzhou Kairun Real Estate. The project is located in Ouhai District of Wenzhou, Zhejiang Province and has an aggregate site area of 40,504.00 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in January 2014 for the acquisition of the project land at the aggregate consideration of approximately RMB725.8 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in January 2017.

This project comprises low-rise apartments, high-rise apartments, commercial properties, car parks and other public service facilities.

Below are details of this project as of June 30, 2018:

Construction period	34 months
Actual commencement date	March 2014
Actual completion date	January 2017
Development costs incurred as of April 30, 2018	RMB1,679.4 million
Total saleable GFA completed	142,256.82 sq.m.
Total saleable GFA completed and sold	105,046.66 sq.m.
Percentage of total saleable GFA sold	73.8%

9. *Kaixin Jinyuan B (凱欣錦園B)*

Kaixin Jinyuan B is a residential complex project developed by Wenzhou Yinyi Real Estate. The project is located in the center of Ouhai District of Wenzhou, Zhejiang Province and has an aggregate site area of 45,562.10 sq.m. We primarily intend to sell all of the residential and commercial properties developed under this project.

We entered into a land grant contract in relation to the project in July 2015 for the acquisition of the project land at the aggregate consideration of approximately RMB722.0 million. We obtained the relevant land use rights certificates in November 2015. As of the Latest Practicable Date, all land premiums had been paid for the project. We obtained the certificate of completion for this project in March 2018.

This project comprises low-rise apartments, high-rise apartments, commercial properties, car parks and other public service facilities.

Below are details of this project as of June 30, 2018:

Construction period	27 months
Actual commencement date	December 2015
Actual completion date	March 2018
Development costs incurred as of April 30, 2018	RMB1,555.6 million
Total saleable GFA completed	162,748.77 sq.m.
Total saleable GFA completed and sold	–
Percentage of total saleable GFA sold	–

10. Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫洲))

Dafa Bliss Oriental (Wenzhou) is a residential complex project consisting townhouses and a variety of villas under the development by Wenzhou Guiyin Real Estate. The project is located on Parcel D-07 of Central Unit in the center of Ouhai District of Wenzhou, Zhejiang Province and has an aggregate site area of 26,576.31 sq.m. The land lot is surrounded by parks and is within reasonable proximity to facilities of schools, hotels, hospitals and shopping malls.

We entered into land grant contracts in relation to the project in March 2017 for the acquisition of the project land at the aggregate consideration of approximately RMB893.9 million. We obtained the relevant land use rights certificates in April 2017. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in October 2017.

Below are details of this project as of June 30, 2018:

Construction period	29 months
Actual commencement date	October 2017
Estimated completion date	March 2020
Development costs incurred as of April 30, 2018	RMB1,146.5 million
Estimated development costs to be incurred as of April 30, 2018	RMB419.8 million
Total saleable GFA under development	113,696.86 sq.m.
Total saleable GFA under development and pre-sold	70,793.67 sq.m.
Total planned GFA	116,355.12 sq.m.
Percentage of total saleable GFA pre-sold	62.3%

11. Kaize Jinyuan (凱澤錦園)

The project is a complex residential project under the development by Wenzhou Kaize Real Estate. The project is located on the city central green axis of Wenzhou, Zhejiang Province and has an aggregate site area of 14,712.73 sq.m.

We entered into a land grant contract in relation to the project in April 2017 for the acquisition of the project land at the aggregate consideration of approximately RMB1,067.3 million. We obtained the relevant land use rights certificates in October 2017. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in December 2017.

Below are details of this project as of June 30, 2018:

Construction period	14 months
Actual commencement date	December 2017
Estimated completion date	February 2020
Development costs incurred as of April 30, 2018	RMB1,152.4 million
Estimated development costs to be incurred as of April 30, 2018	RMB442.0 million
Total saleable GFA under development	69,086.68 sq.m.
Total saleable GFA under development and pre-sold	–
Total planned GFA	70,910.53 sq.m.
Percentage of total saleable GFA pre-sold	–

Ningbo, Zhejiang Province

12. Hai Jun Fu (海雋府)

Hai Jun Fu is a residential complex project under the development by Ningbo Kaiyang Real Estate. The project is located in Haishu District of Ningbo, Zhejiang Province and has an aggregate site area of 61,226.00 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in November 2016 for the acquisition of the project land at the aggregate consideration of approximately RMB1,127.8 million. We obtained the relevant land use rights certificates in March 2017. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project was commenced in June 2017.

Upon completion, this project will comprise low-rise apartments, high-rise apartments, commercial properties, car parks and other public service facilities.

Below are details of this project as of June 30, 2018:

Construction period	14 months
Actual commencement date	June 2017
Estimated completion date	August 2019
Development costs incurred as of April 30, 2018	RMB1,426.2 million
Estimated development costs to be incurred as of April 30, 2018	RMB653.2 million
Total saleable GFA under development	132,744.92 sq.m.
Total saleable GFA under development and pre-sold	118,541.79 sq.m.
Total planned GFA	172,592.78 sq.m.
Percentage of total saleable GFA pre-sold	89.3%

Zhoushan, Zhejiang Province

13. Bliss Xinjie Residence (融悦新界公館)

The Bliss Xinjie Residence is a residential complex project under the development by Zhoushan Kaizhou Real Estate. The project is located on Aige Land Lot, Xinqiao Road, Dinghai District of Zhoushan, Zhejiang Province and has an aggregate site area of 38,198.69 sq.m. We primarily intend to sell all of the residential and commercial properties developed and to be developed under this project.

We entered into a land grant contract in relation to the project in June 2017 for the acquisition of the project land at the aggregate consideration of approximately RMB858.0 million. We obtained the relevant land use rights certificates in August 2017. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in November 2017.

Below are details of this project as of June 30, 2018:

Construction period	30 months
Actual commencement date	November 2017
Estimated completion date	May 2020
Development costs incurred as of April 30, 2018	RMB898.8 million
Estimated development costs to be incurred as of April 30, 2018	RMB718.3 million
Total saleable GFA under development	82,742.20 sq.m.
Total saleable GFA under development and pre-sold	42,355.60 sq.m.
Total planned GFA	128,887.36 sq.m.
Percentage of total saleable GFA pre-sold	51.2%

Wuhu, Anhui Province

14. Dafa Bliss Oriental (Wuhu) (大發融悅東方(蕪湖))

Dafa Bliss Oriental (Wuhu) is a residential complex project consisting of high-rise apartments and townhouses under the development by Wuhu Yinyi Real Estate. The project is located at the center of Chengdong Zhengwu New District of Wuhu, Anhui Province and has an aggregate site area of 93,967.00 sq.m. The land lot neighbors Yintang natural waters and is within reasonable proximity to facilities of cinema, schools and shopping malls.

We entered into land grant contracts in relation to the project in November 2017 for the acquisition of the project land at the aggregate consideration of approximately RMB754.0 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. Construction for this project was commenced in March 2018.

Below are details of this project as of June 30, 2018:

Construction period	20 months
Actual commencement date	March 2018
Estimated completion date	March 2020
Development costs incurred as of April 30, 2018	RMB867.2 million
Estimated development costs to be incurred as of April 30, 2018	RMB701.1 million
Total saleable GFA under development	199,781.84 sq.m.
Total saleable GFA under development and pre-sold	62,563.27 sq.m.
Total planned GFA	203,815.91 sq.m.
Percentage of total saleable GFA pre-sold	31.3%

15. Fanchang Dafa Bliss (繁昌•大發融悅)

Fanchang Dafa Bliss (繁昌•大發融悅) is a residential and commercial project under the development by Wuhu Xuanyang Real Estate. The project is located in Fanchang County of Wuhu and has an aggregate site area of 22,197.00 sq.m..

We entered into the relevant land grant contract in relation to this project in May 2018 for the acquisition of the project land at the aggregate consideration of approximately RMB113.1 million. We obtained the relevant land use rights certificates in June 2018. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project commenced in August 2018.

As of June 30, 2018, this project has a total planned GFA of 57,961.90 sq.m.. As of the Latest Practicable Date, this project is expected to be completed in December 2019. We plan to commence pre-sales of this project in October 2018.

Anqing, Anhui Province

Dafa Yi Jing Cheng (大發宜景城)

Dafa Yi Jing Cheng is a residential complex project consisting of four phases developed by Anqing Kairun Property Development. The project is located in eastern Anqing, Anhui Province and has an aggregate site area of 412,643.85 sq.m. We tentatively intend to sell all of the residential and commercial properties developed under this project.

16. Dafa Yi Jing Cheng Phase I (大發宜景城一期)

We entered into a land grant contract in relation to the Dafa Yi Jing Cheng Phase I and Phase II in March 2008 for the acquisition of the project land at the aggregate consideration of approximately RMB321.0 million for phase I and II in total. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in October 2012.

This project comprises low-rise apartments, mid-rise apartments, high-rise apartments, townhouses, commercial properties, recreational facilities and kindergartens.

Below are details of this project as of June 30, 2018:

Construction period	38 months
Actual commencement date	August 2009
Actual completion date	October 2012
Development costs incurred as of April 30, 2018	RMB439.2 million
Total saleable GFA completed	108,296.48 sq.m.
Total saleable GFA completed and sold	106,573.54 sq.m.
Percentage of total saleable GFA sold	98.4%

17. Dafa Yi Jing Cheng Phase II (大發宜景城二期)

As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in July 2013.

This project comprises low-rise apartments, mid-rise apartments, high-rise apartments, townhouses, commercial properties, recreational facilities and kindergartens.

Below are details of this project as of June 30, 2018:

Construction period	29 months
Actual commencement date	January 2011
Actual completion date	July 2013
Development costs incurred as of April 30, 2018	RMB751.5 million
Total saleable GFA completed	190,400.79 sq.m.
Total saleable GFA completed and sold	186,847.30 sq.m.
Percentage of total saleable GFA sold	98.1%

18. Dafa Yi Jing Cheng Phase III (大發宜景城三期)

We entered into a land grant contract in relation to the Dafa Yi Jing Cheng Phase III in July 2010 for the acquisition of the project land at the aggregate consideration of approximately RMB94.2 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in June 2015.

This project comprises low-rise apartments, mid-rise apartments, townhouses, high-rise apartments, commercial properties, recreational facilities and kindergartens.

Below are details of this project as of June 30, 2018:

Construction period	25 months
Actual commencement date	May 2013
Actual completion date	June 2015
Development costs incurred as of April 30, 2018	RMB916.8 million
Total saleable GFA completed	237,666.07 sq.m.
Total saleable GFA completed and sold	237,666.07 sq.m.
Percentage of total saleable GFA sold	100.0%

19. Dafa Yi Jing Cheng Phase IV (大發宜景城四期)

We entered into a land grant contract in relation to the Dafa Yi Jing Cheng Phase IV in July 2010 for the acquisition of the project land at the aggregate consideration of approximately RMB151.4 million. We obtained the relevant land use rights certificates in May 2013. As of the Latest Practicable Date, all land premium had been paid for the project. Construction for this project was commenced in March 2015.

Upon completion, this project will comprise low-rise apartments, mid-rise apartments, townhouses, high-rise apartments, commercial properties, recreational facilities and kindergartens.

Below are details of this project as of June 30, 2018:

Construction period	57 months
Actual commencement date	March 2015
Estimated completion date	December 2019
Development costs incurred as of April 30, 2018	RMB1,411.0 million
Estimated development costs to be incurred as of April 30, 2018	RMB44.2 million
Total saleable GFA under development	255,303.91 sq.m.
Total saleable GFA completed	114,287.92 sq.m.
Total saleable GFA under development and pre-sold	255,303.91 sq.m.
Total planned GFA	416,504.95 sq.m.
Percentage of total saleable GFA pre-sold	100.0%

20. Commercial Building of Dafa Yi Jing Cheng (大發宜景城商業樓)

The project is developed into a commercial project by Anqing Kairun Property Development. The project is located in eastern Anqing City and has an aggregate site area of 5,614.46 sq.m. The property is used as our sales office on a temporary basis.

We entered into land grant contracts in relation to the project in December 2009 for the acquisition of the project land at the aggregate consideration of approximately RMB9.1 million. As of the Latest Practicable Date, all land premium had been paid and all relevant land use rights certificates have been obtained for the project. We obtained the certificate of completion for this project in March 2011.

Below are details of this project as of June 30, 2018:

Construction period	18 months
Actual commencement date	September 2009
Actual completion date	March 2011
Development costs incurred as of April 30, 2018	RMB16.3 million
Total saleable GFA completed	4,399.69 sq.m.
Total saleable GFA completed and sold	–
Percentage of total saleable GFA sold	–

21. Anqing Dafa Bliss (安慶大發融悅)

The project is planned to be developed into a residential complex project by Anqing Yinyi Real Estate. The project is located on East Ying Bin Road, Yixiu District of Anqing, Anhui Province and has an aggregate site area of 72,634.50 sq.m.

We entered into land grant contracts in relation to the project in August 2017 for the acquisition of the project land at the aggregate consideration of approximately RMB490.0 million. As of the Latest Practicable Date, we had paid the land premium of RMB245.0 million and all relevant land use rights certificates had been obtained for the project. Construction for this project commenced in January 2018.

Below are details of this project as of June 30, 2018:

Construction period	11 months
Actual commencement date	January 2018
Estimated completion date	November 2019
Development costs incurred as of April 30, 2018	–
Estimated development costs to be incurred as of April 30, 2018	RMB893.8 million
Total saleable GFA under development	114,742.27 sq.m.
Total saleable GFA under development and pre-sold	72,529.14 sq.m.
Total planned GFA	153,387.01 sq.m.
Percentage of total saleable GFA pre-sold	63.2%

Yancheng, Jiangsu Province

22. Yancheng Land Lot 201815 (鹽城201815地塊)

Yancheng Land Lot 201815 is a vacant land located in Sheyang County, Yancheng and is planned to be developed into a residential and commercial project.

As of June 30, 2018, the land for this project occupies a total site area of approximately 54,451 sq.m., and has a total planned GFA of 209,685.00 sq.m.. Construction for this project is expected to commence in October 2018 based on circumstances as of the Latest Practicable Date and is expected to be completed in June 2020. We plan to commence pre-sales of this project in December 2018.

We entered into the relevant land grant contract in June 2018 and had paid the total land premium of RMB280.6 million in full. We obtained the relevant land use rights certificates in August 2018.

Xuzhou, Jiangsu Province

23. Xuzhou Dafa Bliss Oriental (徐州•大發融悅東方)

Xuzhou Dafa Bliss Oriental is a vacant land located in Xuzhou City and is planned to be developed into a residential and commercial project.

As of June 30, 2018, the land for this project occupies a total site area of approximately 49,125.70 sq.m., and has a total planned GFA of 155,331.00 sq.m.. Construction for this project is expected to commence in October 2018 based on circumstances as of the Latest Practicable Date and is expected to be completed in April 2020. We plan to commence pre-sales of this project in November 2018.

We entered into the relevant land grant contract in May 2018 and had paid the total land premium of approximately RMB243.31 million in full. We obtained the relevant land use right certificates in July 2018.

Huzhou, Zhejiang Province

24. Huzhou Bliss Jinyuan (湖州•融悅錦園)

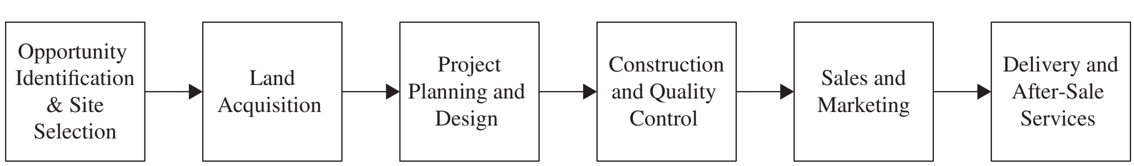
Huzhou Bliss Jinyuan is a residential project under the development by Changxing Yinyi Real Estate. The project is located in Changxing County, Huzhou City and has an aggregate site area of 52,918.00 sq.m..

We entered into the relevant land grant contract in May 2018. As of the Latest Practicable Date, the total land premium of approximately RMB331.9 million had been paid in full. We obtained the relevant land use rights certificates in August 2018.

Construction for this project commenced in September 2018. Based on circumstances as of the Latest Practicable Date, this project is expected to be completed in January 2020. We plan to commence pre-sales of this project in January 2019.

PROPERTY DEVELOPMENT AND SALES PROCESS

We have a well-established project development process, which typically includes the major steps illustrated in the diagram below:



Depending on the project scale and complexity, it generally takes 24 to 36 months for us to complete a project after acquiring the relevant land use rights.

Opportunity Identification and Site Selection

We place great importance on the site selection process because it is key to the success of our project development operation. In conjunction with our ongoing in-depth demographic and market research with respect to the Yangtze River Delta Region and other major cities nationwide, we continuously identify and assess potential development opportunities for new projects.

Based on our overall strategies and development plans, our investment committee coordinates the site selection process with various business departments, such as the design center, cost center, sales and marketing center and finance center. We conduct feasibility study of the site through on-site investigation and market research. The feasibility analysis report contains detailed analysis about the site's existing and potential commercial values, potential land acquisition costs, construction budget, expected return and risk control feasibility. Our investment committee, which is headed by our CEO and comprises representatives from various business departments, reviews and makes decision on the site selection.

We take into consideration factors including the following when conducting opportunity identification and site selection analyses:

- general economic conditions, demographics, population density, composition of industry sectors and economic vitality of the region;
- the turnover rate, inventories and pricing of the real properties in the regional market;
- potential profit, profit margin and cash flows in relation to the site;
- urbanization growth rate, disposable income and purchasing power of consumers;
- policy trends of the local government and urban planning and development plans of the local government;
- core values of the city and the surrounding areas;
- competitive landscape of the local property development market;
- suitability for property development and development prospects;
- convenience of the site's location, transportation network, infrastructure and ancillary facilities;
- existing plot ratio and potential development scale; and
- complexity of land ownership structure in the region and complexity of property rights relating to the land parcel.

Land Acquisition

We acquire land for our projects mainly through public tender, auction or listing-for-sale. In addition, we acquire equity interests or invest in companies that possess or have the rights to possess land use rights for certain lands.

Public Tender, Auction or Listing-for-sale

We acquire land for our projects through public tender, auction or listing-for-sale process organized by government authorities.

- In a public tender, an evaluation committee consisting of no fewer than five members (typically including one representative of the grantor and other experts) evaluates the tenders submitted by bidders. In selecting the tender, the evaluation committee considers various factors including each bidder's bidding price, real estate development experience and track record, credit history, qualification and development proposal.

- In an auction, local land bureaus hold the auction process and grant the land use rights to the bidder with the highest bidding price.

- In a listing-for-sale process, local land bureaus specify conditions for granting the land use rights before bids are submitted. The land use rights are granted to the bidders with the highest bidding price at the end of the listing-for-sale period.

See "Regulatory Overview – Regulations on Land and the Development of Real Estate Projects."

Acquisition of Equity Interests or Investments in Companies

In addition to land acquisition through public tender, auction or listing-for-sale process, we acquire equity interests or invest in companies that possess or have the rights to possess land use rights for certain lands. This method allows us to obtain targeted land at competitive prices as it allows us to negotiate the terms and conditions directly with the targeted companies or the counter parties. Subsequent to the Track Record Period and up to the Latest Practicable Date, we had acquired or entered into agreements to acquire equity interests in the companies listed in the following table, all of which were incorporated in 2018.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, the counterparties and the ultimate beneficial owners of the counterparty are Independent Third Parties. Our Directors also believe that the terms of the transactions are fair and reasonable and in the interests of the shareholders as a whole.

The general nature of all these acquisitions is land acquisition, and the principal business carried out by all of the counterparties (excluding individuals) of these acquisitions is property development and sales or management consultancy. We conducted such acquisitions for the purpose of achieving continued growth of land reserve at competitive costs. The financing source of such acquisitions are all internal funds and the basis for determining the consideration of these acquisitions are through arm's length negotiations between the parties and on normal commercial terms with reference to the cost of the land. Please see below and the section headed "Waivers from Strict Compliance with the Listing Rules" of this prospectus for details.

No.	Name of project company	Name of the counter party	Name and site area of the acquired (or to be acquired) land	Date of the cooperation agreement	Date of completion/ expected date of completion	Approximate considerations to be paid/ paid for the acquisition(1)	Percentage of equity interest
							(%)
1.	Jurong City JinJiarun Real Estate Development Co., Ltd. (句容市金嘉潤房地產開發有限公司)	Jurong Yifeng Real Estate Development Co., Ltd. (句容億豐房地產開發有限公司), Nanjing Jingyao Corporate Management Consultancy Co., Ltd.(南京金瑤企業管理諮詢有限公司), Suzhou Hongchang Real Estate Development Co., Ltd. (蘇州鴻昌房地產開發有限公司) and Nanjing Hongtai Puyang Property Co., Ltd.(南京鴻泰浦陽置業有限公司)	2018-J1-1-05(B) (38,731 sq.m.)	June 20, 2018	December 2018	RMB65,522,400	23%
2.	Changzhou Yilong	Changzhou Wanfang New City Real Estate Development Co., Ltd. (常州萬方新城房地產開發有限公司) and Suzhou Yeyang Real Estate Development Co., Ltd. (蘇州業揚房地產開發有限公司)	Land Lot GP2017083 (69,261 sq.m.)	June 1, 2018	June 2018	RMB133,830,800	34%
3.	Ningbo Xinyuan	Ningbo Xinyuanda Investment Holding Co., Ltd. (寧波鑫遠達投資控股有限公司)	Land Lot 2018-028 (17,333 sq.m.)	May 4, 2018	July 2018	RMB26,190,000	30%
4.	Yixing Lianghui	Suzhou City Liangyuting Property Co., Ltd. (蘇州市梁雨庭置業有限公司)	Yi Land (宜地) 2018-10 (25,829 sq.m.)	July 3, 2018	July 2018	RMB133,620,000	51%
5.	Anji Rongshang Real Estate Co., Ltd. (安吉融尚房地產有限公司)	Hangzhou Xinzhuo Real Estate Development Co., Ltd. (杭州昕卓房地產開發有限公司), Ningbo City Haishu Yifa Corporate Management Consultancy Co., Ltd. (寧波市海曙億發企業管理諮詢有限公司) and Changxing Minfa Investment Co., Ltd (長興民發投資有限公司)	Land Lot AJ2018J-77 (53,254 sq.m.)	June 22, 2018	December 2018	RMB60,340,500	25.3%
6.	Changshu Hong Yang Zhengfa Real Estate Development Co., Ltd. (常熟弘陽正發房地產開發有限公司)	Suzhou Hong Yang Real Estate Development Co., Ltd. (蘇州弘陽房地產開發有限公司) and Zhengrong Zhengxing (Suzhou) Investment Co., Ltd. (正榮正興(蘇州)投資有限公司)	Land Lot 320581108009 GB00033 (17,361 sq.m.)	August 9, 2018	January 2019	RMB39,372,000	34%

Note:

(1) The consideration for each Acquisition represents the amount we are obliged to pay pursuant to each cooperation agreement we entered into, mainly the land premium.

Land Reserves

We hold land parcels acquired and held for future development as land reserves. As of June 30, 2018, our land reserves was 2,238,827.22 sq.m.

Based on the confirmation letters we received from and consultations with relevant government authorities, we have not received any notice from any PRC government authority identifying any idle land or requiring us to pay idle land fees during the Track Record Period and up to the Latest Practicable Date.

Project Planning and Design

We aim at developing the concept of situational real estate (情景地產) in our project planning and design. The concept of situational real estate consists of two core elements of emotion, i.e. the interpersonal bonding that increases one's sense of happiness, and occasion, i.e. the tangible and accessible physical space that provides a platform for human emotions to develop. Instead of thinking from the perspective of a developer, we put ourselves into the shoes of customers to empathize on what our customers expect from life. Having realized the importance of "emotion" and how "occasion" intensifies "emotion," we make use of details in physical space leading it to a specific living scene that brings warmth, comfort and inspiration to our customers. For example, we build the kids' activities center, label the "health tracks" for sports lovers to jog and run, separate the roads for pedestrians from those for vehicles and incorporate other design elements that promote healthiness and happiness. We also aim at utilizing the interior space to its maximum and making sure our customers enjoy enough space for goods-storing, socializing and privacy in a unit. Real properties are houses, but situational properties are homes. We believe that satisfying the emotional needs of our customers and provide them with vivid living experiences will continue to be our greatest advantage.

We classified the living experience of our customers into the following six scenarios:

- Family stroll – "Family stroll" is a warm and cozy scene created with facilities such as seasonal plants, lawns, ponds, sensory eco-pools, landscape walkways and pet excrement collection boxes to cater for the needs of our customers enjoying the view while strolling with their family.

- Children's adventure – "Children's adventure" is featured by playground for children of all ages (with spaces divided by age groups and equipped with rest areas and benches), multi-purpose sports venues (skating, skateboarding and bicycles), aerial game venues to accommodate our young and little guests even in miserable weather conditions, plus children's happy land and identification challenging facilities etc. to provide our children with ample space for activities and fun, so that they can explore the world while playing.

- Leisure time for grandparents & children – we installed comfortable benches in the children's areas, and put the rest area for old people where there is plenty of sunshine, with a wall of green plants to block the wind while planting a large number of green, flowering and aromatic plants nearby, so as to create an enjoyable "Leisure time for grandparents & children" scene suitable for the elderly to spent their leisure time with their grandchildren.

- Pleasant talk between neighbors – this scene is created to accommodate casual chat between our customers and their visitors by installing stools around the major theme areas (with USB ports), pavilions in the central landscape area and major scenic spots as well as dedicated reception area in the lobby.

- Fitness mania's ground – we create this scene with the dedicated loop track for day and night jogging (including sprint and long racing tracks, LED navigation lights), outdoor fitness venues (basketball courts, badminton courts, and square dance venues) and self-service health testing facilities i.e. body test equipment, which can provide a tracked health test report for our customers, aiming to promote a healthy lifestyle.

- Time with friends – we hold various community activities, including book fairs, art exhibitions, mini-concerts, cooking competitions, fun games, outdoor barbecues, afternoon teas, etc., to enhance communication between property owners, and based on these activities we get the like-minded property owners together to form a "Interest Circle" with follow-up activities, and eventually make it a platform for our customers to make friends.

We outsource our project planning and design work to Independent Third Parties. We engage specialized design firms for different types of design work of a project, such as architectural design, landscape design, interior design and ancillary facility design. Through a tender-by-invitation process, our design bidding evaluation team carefully selects design firms based on their strengths, pricing and suitability for our specific requirements. We have an internal protocol for selecting and managing the design firms. To enhance the value and marketability of our projects, we engage reputable domestic and international design firms to perform detailed design work for our projects. During the Track Record Period, we worked with top-tier domestic and international design companies, such as Allied Architects International (Canada) Inc., United Architecture Design Group Inc. (Shanghai), Shanghai Johnson Architectural & Engineering Designing Consultants Ltd., Shanghai PT Architecture Design & Engineering Consultant Co., Ltd. and Shanghai Tontsen Architectural Design Co., Ltd.

Our design center is responsible for coordinating the overall planning and design of our projects throughout the land selection, pre-construction and construction phases. Our design center communicates closely with personnel from our operation center, cost management center, sales and marketing center, city companies and project companies throughout the planning and design process to obtain a comprehensive view on aspects such as budget and cost, procurement and sales and marketing. The final design is submitted to relevant PRC government authorities for approval and becomes the blueprint for the construction of a project.

Construction and Quality Control

Appointment of Construction Companies

We outsource the construction work of our projects to external Independent Third Party construction companies. Outsourcing construction work allows us to better focus on our business as a property developer, and to leverage the expertise of the construction companies and minimize certain risks, such as risks from fluctuations in the cost of raw materials.

We select construction companies for our projects through a tender process in accordance with the *Law on Tender and Bidding of the PRC* (《中華人民共和國招標投標法》) and the *Rules on the Tender Scope and Criteria for Construction Projects* (《工程建設項目招標範圍和規模標準規定》). The tender process may be conducted via open tender or tender by invitation. We prefer construction companies with which we have long-term working relationships to ensure the quality of our products, and have an internal list of construction companies that meet our criteria and which we may invite to tender for new projects. Our cost management center also publishes bidding information on our website and through Ming Yuan Cloud System (明源雲系統), an online platform for exchange of information between real estate developers and third party suppliers.

To ensure the quality and workmanship of its properties, we apply stringent criteria in the selection of our construction companies. When assessing construction companies, we take into consideration factors such as professional qualifications, reputation, credentials, financial condition, experience, price quote, track record and quality of construction work, proposed construction schedule and plan and technical capabilities.

The construction contracts we enter into with the selected construction companies contain warranties provided by the construction companies with respect to construction schedules, quality and safety standards. The construction companies are required to pay fines in the event of delays and are responsible for the costs incurred in rectifying construction defects, pre-and post-completion and delivery. In addition, we may terminate a construction contract if the construction company causes any material delay to the development schedule or irreparable damage to the project development. During the Track Record Period, we had not experienced or been subject to any material construction delay, penalty, claim or loss as a result of unsatisfactory work performed by the construction companies we engaged.

We make payments to construction companies through our cost management center in installments in accordance with the terms and conditions stipulated in the construction contracts and the percentage required at each stage varies from case to case. In general, we pay the construction companies 80% of the full contract price when the construction work is completed, and pay 95% to 97% of the total contract price within a month upon project settlement. We retain the remaining 3% to 5% as quality deposit for one to five years. The quality deposit is used to cover any contingent expenses incurred as a result of construction defects. During the Track Record Period, there was no incident where the quality deposit was insufficient to cover the expenses incurred by us to rectify construction defects.

Procurement

During the Track Record Period, a significant portion of our raw materials, fixtures and equipment were procured in China. The construction companies are generally responsible for the procurement of raw materials, such as concrete and steel, used in the construction process. Such raw material costs are included in the pre-agreed contract prices with the construction companies. We conduct inspection on and label the raw materials upon their entry into the construction site. Our operation center also conducts monthly and quarterly examination of the materials and communicates timely with the on-site project supervisors. For materials which materially affect the designs of our products, such as steel, cement, plastic pipes and water-proof materials, we may require the construction companies to procure materials of specific brands at prices we pre-negotiate with suppliers.

We timely monitor the price trend of materials based on industry information. For concrete and steel, our contractors bear the risk or enjoy the benefit of fluctuation within 3% of the contract price and we bear the risk or enjoy the benefit of fluctuation exceeding 3% of the contract price. Our contractors also bear the risk of price fluctuation for all other materials that they are responsible for. We can, to a certain extent, pass any increases in raw material costs to our customers by increasing the prices of our products. However, we still bear the risk of price fluctuations in raw materials to the extent that we are unable to increase our prices to fully cover any increases in costs.

To maximize our economies of scale and bargaining power, we centrally procure certain equipment and fixtures, such as floors and bricks, cupboards, bathroom ware, kitchen ware, water heaters, air conditioners and doors, through tender process. The procurement contracts normally do not allow for price adjustments and we are not subject to any minimum purchase commitments.

To obtain favorable commercial terms and ensure stable supply of certain materials, during the Track Record Period, we entered into strategic cooperation agreements with roughly 32 suppliers. We enter into contracts with an average term of two years with the strategic suppliers. In general, we pay 85-90% of the contract price to our strategic suppliers upon the delivery of goods and settle the remaining amount after the products have passed our quality control inspection processes and those of the construction supervision companies.

We do not maintain any inventory of construction materials. As we maintain a central supplier database for the equipment which we are responsible for purchasing, we have sufficient options and alternatives when a supplier fails to meet our demand, which largely prevents the risk of supply shortages. We did not experience any shortages or delays in the supply of raw materials which had a material impact on our operations during the Track Record Period.

Construction Supervision and Quality Control

We place significant emphasis on quality control with regard to the construction and management of our projects. We believe that quality control is essential in establishing and strengthening the reputation of our brand, and providing high-quality comfortable living space has been our long-term goal. To ensure quality of properties and compliance with relevant laws and regulations, we have established a system of quality control policies and procedures to govern each aspect of the development process.

Our operation center is responsible for overseeing the overall construction process for each of our projects. The operation center regularly reviews our projects under construction and conducts quarterly on-site inspections of all projects and monthly on-site inspections of selected projects. If there are any instances of non-compliance, the city companies report them to our CEO office and we require the non-compliant entity to rectify the issue within a specified timeframe.

In compliance with relevant PRC laws and regulations, we engage independent certified construction supervision companies based on site to monitor the entire construction process of our projects. The construction supervision companies conduct quality inspections on construction materials, underground engineering safety special assessment, property delivery special assessment, and on-site workmanship checks to ensure that they meet our prescribed specifications and applicable regulatory requirements. In addition, all properties under development are inspected regularly by Independent Third Party professionals and prior to and upon delivery.

At each project level, the project department of the city company and the construction supervision company are responsible for supervising the quality control process of our projects. The supervising engineers and engineers from the project department are based on site to closely monitor the quality and progress of construction work and selection of construction materials to ensure all construction work is completed according to relevant timetables and in compliance with our quality standards and applicable national requirements. The construction company will be responsible for administrative management, material management and sample management in the quality control process of our projects. The construction company will also be notified to rectify any wrongdoing, inappropriate conduct or defect in procedures.

Our inspection process includes the following: (i) all materials and equipment are inspected when entering the site and samples are sent to qualified inspection units for approval. Materials and equipment with unsatisfactory inspection results cannot be used; (ii) all sub-divided work steps are inspected on-site by construction supervision companies and engineers from the project department. Only when the inspection results of a work step is satisfactory and signed off by the engineers when the next work step may be carried out; and (iii) the construction work of a project must be inspected and confirmed by the design unit, surveying unit, construction company, construction supervision company and us. The quality control standard set by the local government is the minimum threshold and we are establishing a higher standard for our internal quality control purpose.

Our operation center coordinates with other departments through meetings, "Office Automation" online approval system and all-department inspections.

The construction companies engaged by us are not allowed to subcontract or transfer their contractual agreements with us to third parties without our prior consent. When subcontracting construction works to third parties under our consent, the construction companies are obliged to supervise and ensure the subcontractors' construction works are in strict compliance with our specifications and requirements, and to provide progress reports to us on a regular basis for us to closely monitor the construction progresses. We usually designate subcontractors for units that require stringent quality control, e.g. fire and waterproofing work, doors and windows and exterior design.

During the Track Record Period, we had no disputes with respect to quality with the construction companies that we engaged which had a material adverse impact on our business or financial condition. In addition, there was no material delay or failure to complete the construction work of any of our projects according to our planned specifications during the Track Record Period.

Civil Defense Areas

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain basement areas that can be used for civil defense purposes in times of war. We engage construction companies to construct civil defense areas for its property projects as required by the applicable PRC laws and regulations. The GFA percentage of the civil defense areas of our completed projects is in compliance with PRC laws and regulations. The GFA of the civil defense areas of a property project depends on the size, nature and design of the property project. During the Track Record Period and up to the Latest Practicable Date, we had 10 completed civil defense areas with an aggregate GFA of approximately 90,666.19 sq.m. The PRC Legal Adviser has confirmed that we have obtained the required permits for construction of civil defense areas. The construction cost of civil defense areas is included in our inventories and charged to cost of sales upon recognition of revenue. Our property management companies are in charge of the maintenance of our civil defense areas, and our compliance team monitors the status of civil defense areas periodically to ensure that their functions as civil defense properties are not impaired.

Compliance with PRC Laws and Regulations

To comply with relevant PRC laws and regulations, before construction can commence, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate (if applicable, the real estate rights certificate), the construction land planning permit and the construction work planning permit are obtained). As of the Latest Practicable Date, we had obtained land use rights certificates (if applicable, real estate rights certificate) and all relevant certificates and permits as required by the PRC laws and regulations for all of our projects or project phases under development and our completed projects.

Moreover, we are also required to commence construction of our developments within the time prescribed by PRC laws and regulations or otherwise our land may be regarded as "idle land" and as a result, we may be subject to certain penalties and the idle land might be resumed without any compensation. Under the Measures on Disposing of Idle Land promulgated by the MLR on April 28, 1999 and revised on June 1, 2012, "idle land" is defined as the granted state-owned construction land that (i) failed to commence construction within one year from the construction date undertaken in its land grant contract; or (ii) its construction has been suspended for over one year and the area under construction is less than one third of the total area ought to be under construction or the invested capital is less than 25% of the total amount of capital ought to be invested. During the Track Record Period and up to the Latest Practicable Date, we did not hold any idle land and were not required to forfeit any land or pay any idle land fee by the government authorities.

Sales and Marketing

Pricing

Our ability to price our products at desired levels has been, and will continue to be, important to our results of operations. We have a clear pricing protocol for each project. We conduct market analysis of the proposed land and research on comparable properties and inventory within the area where our projects locate, and produce and submit a positioning report to the design center after the land acquisition. We also calculate costs, expected profits and cash flow of the project. Before the sales process, we produce a pricing report taking into account market conditions of the time being and submit it to our CEO for final approval. Generally, we determine the prices of our for-sale properties based on a variety of factors, including market conditions, the overall supply and demand dynamics, competitive landscape and prices of comparable properties in the market, target profits, cost of construction and governmental restriction policy on real property price. We expect a mixed trend in the pricing of our projects, depending on their location and development level, with a magnitude subject to governmental policies.

Pre-sales

We commence pre-sale activities for all of our properties prior to their completion, usually within eight to ten months after the acquisition of the relevant land parcels. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for a property under development. These conditions include full payment of the land grant premium and acquisition of all relevant land use rights certificates, construction-related permits and pre-sale permits. See "Regulatory Overview – Regulations on Real Estate Transfer and Sale – Sale of Commodity Buildings."

Further, in some cities where we operate, such as Shanghai, the use of pre-sale proceeds is restricted. Under the applicable rules and regulations of these local governments, the use of pre-sale proceeds is restricted to be primarily for the construction and development of the relevant projects. See "Regulatory Overview – Regulations on Real Estate Transfer and Sale – Sale of Commodity Buildings."

Sales, Marketing and Promotion

Our properties for sale mainly target the mass market and are located in the Yangtze River Delta Region. Most of our customers are local first-time home buyer or middle-class population seeking to improve their housing experience.

Our sales and marketing center is responsible for formulating sales and marketing strategies and managing the overall sales and marketing process. The sales and marketing center is closely involved in each property development process, including project positioning, preliminary marketing, obtaining pre-sale permits, organizing sales activities of signing, down payment, mortgage application and final settlement of payment, as well as delivering the properties.

Our sales and marketing strategies include online and outdoor advertisements. Volumes of advertisements depend on the specific sales phase of a project. At the pre-sale stage, we invest in major media to increase online exposure and organize large-scale activities and introduction meetings to build momentum of our projects before the pre-sale phase. At later stages, we move to small-scale yet well-targeted outdoor activities near our project location to bolster the final sales. Advertisements greatly facilitate our sales activities in making the project better known in a wider range of potential customers.

We also engage reputable third-party real estate sales agents to facilitate the sales and marketing of our projects, depending on our familiarity with the area and our sales goal. The standard service agreements we enter into with sales agents include key terms such as the scope of retention, duration of services, scope of authorization, fees and payment method. The standard service agreements also stipulate that the sales agents must not conduct unauthorized sales or sell our properties at prices lower than those agreed by us, and that the sales agents must carry out truthful advertising and comply with all applicable regulatory requirements. We have an internal guidance that regulates sales and marketing activities conducted by both our employees and the agents. Our engagement of the sales agents are generally not exclusive.

For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, we incurred commissions costs in relation to external sales agents amounting to RMB4.5 million, RMB6.9 million, RMB21.3 million, RMB1.8 million and RMB4.3 million, respectively. The sales agents do not receive any sales payments on behalf of us. Payments are made by the customers directly to company accounts designated by us. We did not have any material disputes with our sales agents during the Track Record Period.

Payment Arrangements

Customers may purchase our properties by one lump-sum payment or payment by installments. For customers who opt to pay by installments, they may fund their purchases by personal funds or mortgage loans provided by commercial banks.

We typically require our customers to pay a deposit upon entering into a sale and purchase agreement. Such deposits are non-refundable and are forfeited if the customers default on the purchases. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant sale and purchase agreements. Customers who pay by installments are required to make payments in accordance with the agreed payment schedules. Outstanding balances must be fully settled prior to property delivery. Depending on the locality of the properties, first-home purchasers who purchase properties with mortgage loans are required to pay a down payment of no less than 30-35% of the total purchase price (the percentage being 40-70% for second-home purchasers) upon entering into a sale and purchase agreement. The outstanding amounts are settled by the mortgagee banks within the prescribed period pursuant to the respective bank financing agreements. The minimum percentage of down payment is subject to changing government policies.

In line with industry practice in the PRC, we provide guarantees to mortgagee banks for the mortgage loans offered to our customers. These guarantees are typically released upon the issuance of the relevant property ownership certificates for the properties and the registration of the mortgage in favor of the mortgagee bank. If a purchaser defaults on a mortgage loan during the guarantee period, we are required to repay the outstanding balances owed to the mortgagee bank. We are assigned the title to the mortgage loan, giving us rights to the property, after settling such outstanding balances. In line with industry practice, we rely on the credit checks conducted by the mortgagee banks and do not conduct independent credit checks on our customers. As of April 30, 2018, outstanding guarantees provided by us in respect of mortgage loans of our customers amounted to RMB2,371.0 million. During the Track Record Period, we did not encounter any material incidents of default by our customers.

Delivery and After-sale Services

Delivery of Properties

Delivering quality properties and providing satisfying purchasing experiences to customers are fundamental to the success of our business. We commence delivering properties upon issuance of the delivery permit by notifying our customers of the delivery plan, inspecting the properties on-site with our customers and signing the title transfer certificates upon their satisfaction. Our customers are responsible for undergoing the title registration process with materials provided by us.

The timeframes for delivery are set out in the relevant sale and purchase agreements. Under a typical sale and purchase agreement, we are liable to pay a monetary penalty of 0.01% of the purchase price on a daily basis until delivery of the property if we failed to deliver the property on the delivery day stipulated in the agreement. We must also return the full payment, together with the daily penalty, within 90 days after receiving the notice of repudiation from the customer. During the Track Record Period, we had not experienced any delays in the delivery of properties which had any material adverse impact on our business, financial condition and results of operations.

After-sale Services

We are committed to customer satisfaction and offer our customers comprehensive after-sale services, including, among others, client reception service and property management. Our client reception deals with feedbacks and complaints about our products and services. It is our policy to attend to any customer feedbacks or complaints in a timely manner. Third party property management companies provide maintenance, security and cleaning services for our customers after they move in the properties. We believe that our customers have considerable recognition of our after-sale services.

To maintain long-term relationships with our customers, establish customer loyalty and foster brand awareness, we have established the Dafa Club, a membership program in which purchasers of our properties are automatically enrolled. Members of the program receive sales information regarding our latest projects prior to public sales; enjoy special discounts when purchasing other projects of ours and are invited to attend activities organized by us from time to time. Customers referred by Dafa Club members also enjoy discounts in their purchase of properties of our projects.

Warranties and Returns

We provide our customers with warranties for the quality of building structures pursuant to the *Measures on the Sales of Commodity Housing* (《商品房銷售管理辦法》) and *Regulations for the Operations of Urban Property Development* (《城市房地產開發經營管理條例》). In addition, in accordance with the published national standards, we provide quality warranties for ground foundations, main structures, waterproofing work, water and electricity work, decorative work and sanitary wares. The warranty durations vary depending on the covered items and are usually for a period of six months to five years. The warranty durations for ground foundations and main structures are the relevant reasonable lifespans stated in the design documents.

Our construction companies are responsible for rectifying quality defects in the properties, whether such defects are discovered pre-or post-completion and delivery. We may repair quality defects only if the construction companies cannot repair the defect in a timely manner. We generally retain a quality deposit of 3% to 5% of the total contract price for approximately one to five years to cover any contingent expenses that may be incurred as a result of any quality defects.

Except for the breach of a sale and purchase agreement by us, we do not allow returns of properties from our customers. There was no return of properties from our customers during the Track Record Period.

INFORMATION TECHNOLOGY

We use cutting-edge information technology to manage our project development process. We have a customized version of SAP system, which include operating module, financial module, construction module, cost management module and marketing module, to manage each procedure of our project development. Through a mobile application of the SAP system, our management is able to monitor the status of project development and review and approve the reports submitted by project managers.

PROJECT FINANCING

We finance our projects primarily through internal cash flows generated from our operating activities, including proceeds from the pre-sales and sales of properties, rental income, and bank loans. During the Track Record Period, we also entered into a trust financing arrangement to finance the property development of a project. We aim to finance our property developments with internal resources to the extent practicable so as to reduce the level of external funding required. We had not made use of any P2P lending during the Track Record Period and up to the Latest Practicable Date, and we have no plan to make use of such source of financing to support our business in the future.

Sale and Pre-sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our construction costs, make interest payments and repay debt obligations.

Pre-sale proceeds form an integral source of our operating cash inflows during project development. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. See "– Property Development and Sales Process – Sales and Marketing – Pre-sales" and "Regulatory Overview – Regulations on Real Estate Transfer and Sale – Sale of Commodity Buildings."

Bank Loans

Bank loans are our primary source of external financing. As of December 31, 2015, 2016, 2017 and April 30, 2018, our outstanding bank loans amounted to RMB3,307.0 million, RMB2,825.9 million, RMB3,974.9 million and RMB3,987.4 million, respectively.

Our ability to obtain financing from banks for our projects depends on various economic measures introduced by the central and local governments. According to a guideline issued by the CBRC on August 30, 2004, no bank loans may be granted with respect to projects for which the land use rights certificates, construction land planning permits, construction work planning permits or construction work commencement permits have not been obtained. On May 25, 2009, the State Council issued a *Notice on Adjusting the Capital Ratios for Fixed Asset Investment Projects* (《關於調整固定資產投資項目資本金比例的通知》), which stipulates a minimum capital requirement of 20% for ordinary commodity apartments and indemnificatory housing and a minimum capital requirement of 30% for other real estate development projects. On September 9, 2015, the State Council promulgated the *Notice on Adjusting and Improving the Capital Fund Principle for Fixed Assets Investment* (關於調整和完善固定資產投資項目資本金制度的通知), according to which the minimum capital ratio for other real estate development projects is adjusted from 30% to 25%. See "Regulatory Overview – Regulations on the Establishment of Real Estate Enterprises – Establishment of a Real Estate Development Enterprise."

Trust Financing and Other Financing Arrangements

Similar to other property developers in the PRC, we occasionally enter into financing arrangements with trust companies or other financial institutions in the ordinary course of business to finance our property development. Compared with bank borrowings, we believe that trust financing and other financing arrangements usually offer greater flexibility in terms of availability, approval schedule and repayment requirements, and therefore is an effective alternative source of funding for some of our project developments, particularly during the tightened banking credit environments.

As of April 30, 2018, the total amount of trust financing and other financing arrangements outstanding accounted for 30.1% of our total borrowings as of the same date. For additional information as to the relevant laws and regulations applicable to private financing arrangements, see "Regulatory Overview – Regulations on Real Estate Financing – Financing real estate development and acquisition."

As of the Latest Practicable Date, we had entered into eight financing arrangements with trust companies or other financial institutions, including three financing arrangements with China Huarong Asset Management Co., Ltd. Shanghai Branch ("**Huarong Shanghai**"), one trust financing arrangement with Ping An Trust Co., Ltd. ("**Ping An Trust**"), one trust financing arrangement with AVIC Trust Co., Ltd. ("**AVIC Trust**"), one trust financing arrangement with Everbright Xinglong Trust Co., Ltd. ("**Everbright Xinglong Trust**"), one trust financing arrangement with JIC Trust Co., Ltd. ("**JIC Trust**") and one trust financing arrangement with Hangzhou Industrial & Commercial Trust Co., Ltd. (杭州工商信託股份有限公司) ("**Hangzhou Trust**").

We divide these financing arrangements into two types, one involving transfer of equity interest in the relevant project company and the other without involving transfer of equity interest in the relevant project company. Our Directors confirm that except for the trust financing arrangements with Everbright Xinglong Trust and Hangzhou Trust, none of our trust or asset financing arrangements involves the transfer of equity interests of our project company.

Except for the trust financing agreement with AVIC Trust, our trust or asset financings are usually secured by one or more types of collateral, including land use rights of the project, shares of the project company or cash, and may also be guaranteed by the project company or our Controlling Shareholders. According to the agreements, upon the maturity of the financing arrangements and the satisfaction of repayment, the corresponding share pledges, liens or guarantees will be released and, as the case may be, the equity interest of the project company that is transferred to the financial institutions will be repurchased by the relevant entities at a consideration based on pre-determined formula in accordance with the relevant agreements. We believe that our trust or asset financing arrangements are in line with industry practice in the PRC. All guarantees provided by the Controlling Shareholders will be released prior to the Listing.

The following table sets forth our outstanding trust financing arrangements with trust companies, other financial institutions and their financing vehicles as of the Latest Practicable Date:

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collateral	Principal balance as of July 31, 2018
						(RMB'000) (Unaudited)
1.	Ping An Trust Co., Ltd. (平安信託有限責任公司)	9.4%	November 16, 2017	November 15, 2019	Mortgage of land use rights of a land lot with site area of 14,712.73 sq.m., pledge of 100% equity interest of Wenzhou Kaize Real Estate and guaranteed by Mr. Ge Hekai	524,700
2.	China Huarong Asset Management Co., Ltd. Shanghai Branch (中國華融資產管理股份有限公司上海市分公司)	8.5%	November 16, 2017	November 15, 2019	Mortgage of land use rights of a land lot with site area of 38,198.69 sq.m., pledge of 100% equity interest of Zhoushan Kaizhou Real Estate, and guaranteed by Mr. Ge Hekai and Mr. Ge Yiyang	362,148
3.	China Huarong Asset Management Co., Ltd. Shanghai Branch (中國華融資產管理股份有限公司上海市分公司)	9.0%	March 8, 2017	March 7, 2019	Mortgage of land use rights of a land lot with site area of 4,399.69 sq.m., pledge of receivables to be collected by Anqing Kairun Property Development and guaranteed by Mr. Ge Hekai	150,000
4.	China Huarong Asset Management Co., Ltd. Shanghai branch (中國華融資產管理股份有限公司上海市分公司)	8.3%	April 18, 2017	April 17, 2019	Mortgage of land use rights of a land lot with site area of 28,039.94 sq.m., pledge of 100% equity interest in Wenzhou Guiyin Real Estate, and guaranteed by Mr. Ge Hekai and Mr. Ge Yiyang	95,000
5.	AVIC Trust Co., Ltd. (中航信託股份有限公司)	12.9%	April 7, 2017	April 6, 2019	N/A	98,833

Item	Financial institution	Annual interest rate	Effective date	Maturity date	Collateral	Principal balance as of July 31, 2018
						(RMB'000) (Unaudited)
6.	Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司)	15.7%	May 17, 2018	May 16, 2020	Mortgage of land use rights of two land lots with an aggregate area site area of 72,634.5 sq.m. and transfer of 20.18% equity interest of the project company	170,350
7.	JIC Trust Co., Ltd. (中建投信託股份有限公司)	12.0%	May 23, 2018	May 22, 2020	Mortgage of land use rights of three land lots with an aggregate site area of 99,146 sq.m., pledge of 100% equity interest of Wuhu Yinyi Real Estate and guarantees given by Shanghai Dafa and Mr. Ge Hekai	68,600
8.	Hangzhou Industrial & Commercial Trust Co., Ltd. (杭州工商信託股份有限公司)	12.0%	August 24, 2018	12 or 18 months from the first drawdown date depending on the time of the second drawdown	Mortgage of land use rights of a land lot with a site area of 49,125.7 sq.m., pledge of 100% equity interest of Pizhou Yinyi Real Estate and guarantee given by Shanghai Dafa	N/A

During the Track Record Period and up to the Latest Practicable Date, we had not made any late repayment or default in repayment under any of the above trust financing and other financing arrangements.

Background of Trust Companies and Other Financing Institutions

These trust companies, other financial institutions and their financing vehicles that we have cooperated with are reputable and well-established institutions in the PRC and are Independent Third Parties to us.

According to its website and other publicly available information, Ping An Trust was established on April 9, 1996 and is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司) whose shares are listed on the Stock Exchange (Stock Code: 2318) and the Shanghai Stock Exchange (Stock Code: 601318). Ping An Trust offers wealth management and asset management services to high-net worth individuals and its institutional clients. In addition, it offers investment and investment banking services including various means of direct finance to companies and institutions in various industries.

According to its website and other publicly available information, Huarong Shanghai is the Shanghai branch of China Huarong Asset Management Co., Ltd. (中國華融資產管理股份有限公司) ("**China Huarong**") which was established on November 1, 1999, whose shares are listed on the Stock Exchange (Stock Code: 2799) and whose principal business comprises of providing financial services in areas such as asset management, banking, securities, trust, financial leasing, investment, futures and consumer finance.

According to its website, as of December 31, 2017, AVIC Trust was held as to 17.27% and 82.73% by Oversea-Chinese Banking Corporation Limited (華僑銀行有限公司) and AVIC Investment Co., Ltd. (中航投資控股有限公司) (“**AVIC Investment**”) respectively. AVIC Investment is a wholly-owned subsidiary of AVIC Capital Co., Ltd. (中航資本控股股份有限公司) whose shares are listed on the Shanghai Stock Exchange (Stock Code: 600705). The principal business of AVIC Trust includes the offering and management of private equity investment products, asset management services, wealth management services, loan services, trust financing, bond financing and equity investment services.

According to its website and other publicly available information, Everbright Xinglong Trust was established in 2014 and is a major subsidiary of China Everbright Group Co., Ltd. (中國光大集團股份公司). Everbright Xinglong Trust offers wealth management and asset management services to its clients.

According to its website and other publicly available information, JIC Trust was established in 1979, headquartered in Hangzhou, and whose shareholders are China Construction Bank Investment Co., Ltd. (中國建銀投資有限責任公司) and Jiantou Holdings Co., Ltd. (建投控股有限責任公司). JIC Trust offers trust financing and wealth management services to its clients.

According to its website and other publicly available information, Hangzhou Trust was established on December 16, 1986 with one of its shareholders being Hangzhou Financial Investment Group Co., Ltd. which is a state-owned enterprise directly managed by the Hangzhou municipal government. The principal business of Hangzhou Trust comprises of asset management, investment banking and trust services. It also offers wealth management services to high-net worth individuals.

Key Terms of Huarong Shanghai Arrangements

We entered into three financing arrangements with Huarong Shanghai. The financing arrangement dated November 16, 2017 was entered into for the development of Bliss Xinjie Residence. The financing arrangement dated March 8, 2017 was entered into for the development of Dafa Yi Jing Cheng IV. The financing arrangement dated April 18, 2017 was entered into for the development of Dafa Bliss Oriental (Wenzhou). Under our existing arrangements with Huarong Shanghai, the lender may have security interest in the form of liens of the land use rights of the project, pledges of the shares of the project company or restriction of cash held by us or our Controlling Shareholders.

The lender does not have the right to participate in the project company’s shareholder’s meeting or board meeting, nor does it have any veto rights in any form.

Restrictive Covenants

Generally, we are not required to obtain the prior consent from the lender in respect of operational activities during our ordinary course of business. However, the project company is required to notify the lender of events including merger, split, restructuring, increasing or decreasing its registered capital, joint operation or joint venture with other entities, change of company name, major external investment, involvement in major civil disputes and lawsuits, criminal or major administrative penalty, deterioration of financial conditions, major indebtedness, guarantee, change of equity, change of actual controlling person, change of management, and any other major event that could affect the lender’s right. The financing proceeds were deposited to an escrow account and the lender entrusts the settlement bank to monitor the cash flows of the escrow account and to report to the lender.

Our existing arrangements with Huarong Shanghai are similar to bank loans, the lender can only exercise creditor's rights and has minimum, if any, control over the project company's business operations. The security interests created under our arrangements with Huarong Shanghai will be released upon repayment of the principal of, and any other amount due under, such financings. We believe that our arrangements with Huarong Shanghai will not affect our control over the project companies. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no material breach of the above restrictive covenants.

Immediate Repayments or Accelerated Repayments

According to the contracts for these three financing arrangements, Huarong Shanghai is entitled to demand immediate repayment or accelerated repayment upon events of default by us including, among others, failure to repay principal or interest on time, provision of false or misleading financial reports, refusal to co-operate with Huarong Shanghai, provision of guarantee to third parties or additional financing activities without the prior written consent of Huarong Shanghai, any untrue or misleading representation, warranty and covenant, as well as deterioration in operational and financial situation of our project companies. During the Track Record Period and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under these arrangements.

Key Terms of Ping An Trust Arrangement

We entered into one financing agreement with Ping An Trust for the development of Kaize Jinyuan (凱澤錦園).

Board Representation and Related Veto Right

Under the arrangements with Ping An Trust, the lender is entitled to appoint one director (the "**PA Director**") out of three board seats and the PA Director has the veto right about material matters, including but not limited to incurring external indebtedness, providing external guarantee, transfer or sale of major assets, review and approval of annual business plan, project budget and construction and sales progress of the project, decrease in selling price, evaluation of sales performance.

During the Track Record Period and up to the Latest Practicable Date, there had been no dissenting vote cast by the PA Director. As such, our Directors believe that we maintain control over the project company and the risk of losing control over the borrowing subsidiaries is low.

Management of Project Company

The project company is required to obtain prior written consent from the lender before (i) transferring to any third party or disposing in any other way of its operational assets outside its ordinary course of business, (ii) changing the company type, including but not limited to merger, split, restructuring, transfer of equity, any increase or decrease of investment by any third party, (iii) disposing of its major debt claims, including but not limited to transfer, pledge and offset.

Restrictive Covenants

We are subject to certain restrictive covenants in our financing arrangement with Ping An Trust. For example, we are required to provide interim financial statements, property development and operational status to Ping An Trust. We must notify and obtain written consent from Ping An Trust prior to incurring additional indebtedness, or division, merger, reorganization, share transfer, or change of registered capital, business scope, articles of association, and other financial or operational material events. We must also obtain consent from the lender before disposing our assets in non-ordinary business course, transferring or assigning our rights and obligations under the arrangement and providing guarantees in favor of any third party. We are not permitted to change the use of the borrowings. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no material breach of the above restrictive covenants.

Immediate Repayments or Accelerated Repayments

According to the contract for the financing arrangement, Ping An Trust is entitled to demand immediate repayment or accelerated repayment in circumstances including but not limited to project company's sale, transfer, mortgage or other disposal of the project without prior written consent by Ping An Trust, any default under the financing agreement and guarantee agreement, any event of the borrower, mortgagor or pledger that will cause an adverse impact to Ping An Trust's interest, project company's misuse of the trust facility, additional financing and guarantee activities without the prior written consent of Ping An Trust, as well as dismissal of the director designated by Ping An Trust etc. During the Track Record Period and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under this arrangement.

Key Terms of AVIC Trust Arrangements

We entered into one financing agreement with AVIC Trust for the development of Dafa Bliss Huating (大發融悅華庭). Under our existing arrangement with AVIC Trust, the lender does not have any security interest. The lender does not have the right to participate in the project company's shareholder's meeting or board meeting, nor does it have any veto rights in any form.

Restrictive Covenants

We are subject to certain restrictive covenants in our financing arrangement with AVIC Trust. For example, we are required to provide interim financial statements, property development and operational status to AVIC Trust. We must notify AVIC Trust within three days after incurring changes of registered capital, business scope, share capital, articles of association and senior management. We must notify and obtain written consent from AVIC Trust prior to incurring division, merger, reorganization, joint-venture, application for liquidation or bankruptcy and other event that affects our ability to repay the facility. We must also obtain consent from AVIC Trust before providing guarantees in favor of any third party. We are not permitted to change the use of the borrowings.

Our existing arrangement with AVIC Trust is similar to bank loans, the lender can only exercise creditor's rights and has minimum, if any, control over the project company's business operations. We believe that our arrangements with AVIC Trust will not affect our control over the project companies. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no material breach of the above restrictive covenants.

Immediate Repayments or Accelerated Repayments

According to the contract for the financing arrangement, AVIC Trust is entitled to demand immediate repayment or accelerated repayment in circumstances including but not limited to misuse of trust loan, failure to repay principal amount or interest on time, failure to provide true, accurate and effective financial and operational materials, refusal to co-operate with AVIC Trust, illegitimate transfer of asset or fund to avoid repayment obligations, as well as deterioration in operational and financial situation. During the Track Record Period and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under this arrangement.

Key Terms of Everbright Xinglong Trust Arrangement

We entered into one financing agreement with Everbright Xinglong Trust for the development of Dafa Bliss in Anqing in May 2018. We are not permitted to change the use of the borrowings.

Transfer of Equity Interest in the Project Company

Under the arrangement with Everbright Xinglong Trust, we transferred 20.18% equity interest of the project company, Anqing Yinyi Real Estate to Everbright Xinglong Trust, which contributed RMB96.1 million as registered capital of Anqing Yinyi Real Estate and RMB403.9 million as capital accumulative fund of Anqing Yinyi Real Estate. During the term of the trust plan, Everbright Xinglong Trust is a shareholder of the project company.

An unanimous approval by the shareholders of Anqing Yinyi Real Estate is required for (i) amendment of the articles of incorporation, (ii) dissolution, (iii) increase or decrease of registered capital, (iv) merger or split, (v) external financing, (vi) provision of guarantee to third parties, (vii) imposition of encumbrance of equity interest, (viii) change of ownership of equity interest, (ix) dividend payment, (x) making investment to third parties and (xi) disposition of material assets.

Board Representation

Under the arrangements with Everbright Xinglong Trust, the lender is entitled to appoint one director (the "**Everbright Director**") out of three board seats of Anqing Yinyi Real Estate. The board of Anqing Yinyi Real Estate is entitled to (i) make and revise organizational chart and personnel arrangement, (ii) appoint senior management and determine their rights, duties and compensation, (iii) make operational and development plans, (iv) amend articles of incorporation, (v) approve annual financial budget, (vi) determine employee social security and incentive plans, (vii) determine profit distribution or loss bearing plan, (viii) approve labor and other important policies, (ix) determine merger, split, increase or decrease of registered capital, transfer of ownership and dissolution, (x) liquidation and (xi) other material matters.

During the Track Record Period and up to the Latest Practicable Date, there had been no dissenting vote cast by the Everbright Director. As such, our Directors believe that we maintain control over the project company and there is no risk of losing control over Anqing Yinyi Real Estate.

Daily Operational Management

We retain the right to conduct daily operational management of Anqing Yinyi Real Estate. During the Track Record Period and up to the Latest Practicable Date, Everbright Xinglong Trust had not actively participated in or intervened in the day-to-day operation of Anqing Yinyi Real Estate.

Immediate Repayments or Accelerated Repayments

According to the contract for the financing arrangement, Everbright Xinglong Trust is entitled to demand immediate repayment or accelerated repayment in circumstances including but not limited to the dissolution, closure, merger, reorganization, assets restructuring or similar events of the borrower or the project company, and obtaining of external loans or granting of guarantees by the project company as well as misuse of trust facility. During the Track Record Period and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under these arrangements.

Key terms of JIC Trust Arrangement

We entered into one financing agreement with JIC Trust for the development of Dafa Bliss Oriental (Wuhu) in May 2018.

Restrictive Covenants

We are subject to certain restrictive covenants in our financing arrangement with JIC Trust. For example, we are required to provide annual necessary financial statements. We are not permitted to change the use of the borrowings without the written consent of JIC Trust. We may not without proper consideration, at below market value or otherwise inappropriately dispose of our assets. Our Directors have confirmed that, during the Track Record Period and up to the Latest Practicable Date, there had been no material breach of the above restrictive covenants.

Immediate Repayments or Accelerated Payments

According to the contract for the financing arrangement, JIC Trust is entitled to demand immediate repayment or accelerated repayment in circumstances including but not limited to (i) material financial or assets loss and financial crisis, (ii) reorganization, merger, split, capital reduction or assets transfer, and (iii) dissolution, cancellation of business license, cessation of business operation of any of the borrower, pledger or guarantor. During the Track Record Period and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under these arrangements.

Key Terms of the Hangzhou Trust Arrangement

We entered into a financing arrangement with Hangzhou Trust for the development of Xuzhou Dafa Bliss Oriental in August 2018 (the "**Hangzhou Trust Arrangement**"). For details, see "– Trust Financing and Other Financing Arrangements." We are not permitted to change the use of the borrowings.

Equity Interests in the Project Company

Under the Hangzhou Trust Arrangement, we agreed to transfer 25% equity interest of our project company Pizhou Yinyi Real Estate (the "**Hangzhou Trust Equity Interests**") to Hangzhou Trust. We also agreed with Hanghou Trust to hold the Hangzhou Trust Equity Interests on behalf of Hangzhou Trust during the terms of the Hangzhou Trust Arrangement, and that we shall redeem the Hangzhou Trust Equity Interests upon termination of the Hangzhou Trust Arrangement.

During the term of the Hangzhou Trust Arrangement, Hangzhou Trust is allowed to appoint one director to the board of the project company. We retain the right under the Hangzhou Trust Arrangement to conduct daily operational management of the project company.

Restrictive Covenants

We are subject to certain restrictive covenants in the Hangzhou Trust Arrangement. For example, the project company shall not provide any guarantee, mortgage or charge in favour of any third party without the prior written consent of Hangzhou Trust, and the project company shall not transfer its assets at unreasonably low price before termination of the Hangzhou Trust Arrangement. The Directors have confirmed that, since the entry into of the Hangzhou Trust Arrangement and up to the Latest Practicable Date, there had been no material breach of the above restrictive covenants.

Immediate Repayments or Accelerated Payments

Under the Hangzhou Trust Arrangement, Hangzhou Trust is entitled to demand immediate or accelerated payment in circumstances including but not limited to failure to make repayment of principal or interest by the project company, deterioration in financial position, closure or dissolution of the project company. Since the entry into of the Hangzhou Trust Arrangement and up to the Latest Practicable Date, we had not received any demand for immediate repayment or accelerated repayment under these arrangements.

Compliance with PRC Laws

Our PRC Legal Adviser is of the opinion that the entry into the aforementioned trust and other financing arrangements by our Group does not contravene any mandatory provisions of applicable PRC laws and regulations, and that the agreements entered into by the Group under the trust and other financing arrangements are valid and binding on the respective counter-parties.

Liquidity Management on Trust and Other Financing

As of July 31, 2018, being the latest practicable date for the purpose of our indebtedness statement, the total outstanding balance of the principal amount of our trust and other financing was approximately RMB1,509.6 million. We regularly monitor our maturity profile of the trust financing and other financing arrangements to ensure that we maintain sufficient reserves of cash to meet our liquidity requirements in the short and long terms. See "Financial Information – Liquidity and Capital Resources – Working Capital."

Debt Financing

In the future, we might look for debt financing opportunities to support our business, including the raising of funds through asset-backed securities programs, corporate bonds and other debt offerings.

COMMERCIAL PROPERTY INVESTMENT AND OPERATIONS

In line with our business strategy, we own and operate a substantial portion of our commercial properties we developed for long-term investment purposes. These commercial properties include our Nanjing IST Mall, Nanjing Kai Hong Plaza, Shanghai Kai Hong Plaza and Harbor Ring Plaza and other retail spaces. We hold these commercial properties for capital appreciation and lease them to generate rental income. As of April 30, 2018, we held a total of four completed properties as investment properties with an aggregate GFA of 68,468.84 sq.m. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, the average occupancy rate of our commercial properties was approximately 80.6%, 87.0%, 91.5%, 89.4% and 91.5%, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, the revenue generated from commercial property investment and operations amounted to RMB66.7 million, RMB73.7 million, RMB85.0 million, RMB27.2 million and RMB21.9 million, respectively, representing 9.7%, 10.5%, 1.9%, 30.9% and 2.5% of our total revenue in the respective periods.

The following table sets forth a breakdown of the revenue generated by our commercial properties by project for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties
	(RMB'000)	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%	*(RMB'000)*	%
							(Unaudited)			
Shanghai Kai Hong Plaza	30,007	45.0	30,802	41.8	32,344	38.0	11,266	41.4	6,726	30.8
Nanjing IST Mall	35,019	52.5	40,995	55.6	50,472	59.3	15,338	56.3	13,579	62.1
Nanjing Kai Hong Plaza	1,703	2.6	1,878	2.6	1,732	2.0	623	2.3	574	2.6
Harbor Ring Plaza	–	–	–	–	496	0.6	–	–	992	4.5
Total	**66,729**	**100.0**	**73,675**	**100.0**	**85,044**	**100.0**	**27,228**	**100.0**	**21,869**	**100.0**

Operational Management

We operate and manage our commercial properties through our commercial and branding center, which is responsible for project planning, project management, invitation for tender, tenant management, lease management, finance and marketing of our commercial properties. Currently, our commercial and branding center consists of five employees, all of whom have obtained a bachelor's or higher degree and have at least five years of work experience in advertising, real estate, strategy and management or creativity industries. Our operational management team strives to provide our customers with high quality services and ensure that the operation of our commercial properties adapt to regional market demand, so as to enhance the competitiveness of our commercial properties. The quality and efficiency of our operational management are also tied to the operating and financial results of our commercial properties.

Marketing and Promotion

We carry out marketing activities for our commercial properties in line with the sales cycle throughout the year to maintain abundant visitor flows. We also conduct a variety of special promotional events based on the needs of our tenants and shoppers. These marketing events enhance our visitors' shopping experience and help us achieve satisfactory operating results.

We tailor the marketing activities with the different features of our commercial properties. For example, in our Nanjing IST Mall, we carry out the i-Box Music Fair, Basketball Carnival, Trendy Sunset Party, Christmas Street Sports Party and Graffiti & Music Festival that target young population and emphasize key elements of popular culture, e.g. skateboarding, electronic music, band etc.

Our commercial and branding center also carries out various marketing and promotions through channels such as WeChat, Weibo and outdoor LED advertisements in addition to mainstream news and advertising media to attract shoppers.

Site Selection

When seeking suitable sites for our commercial properties, we focus in particular on areas with great potential by virtue of their locations and catchment sizes. Specifically, we take into account the population density, governmental planning, business environment and transport infrastructure in the surrounding areas. All of our commercial properties across the Yangtze River Delta Region are planned and developed to supplement our residential properties development, and are located in areas which we believe have abundant business resources.

Design

We design commercial properties based on our understanding of the needs of our shoppers and tenants. Depending on the overall layout and positioning of our commercial properties, we engage third party design firms to work out detailed design plans. See "– Property Development and Sales Process – Project Planning and Design."

We carefully plan the layout of our commercial properties to heighten the overall shopping experience of the visitors. In particular, to enhance the shoppers' ease of navigation as well as to ensure optimal location of businesses and compatibility of tenants, we clearly divide each of our commercial properties into different zones and group tenants based on their industry sectors.

Tenant Selection

As of April 30, 2018, our commercial centers served a large and diverse tenant base consisting of approximately 38 individual leases in total. They are the home to many domestically and internationally renowned retailers and fast-food chains, which we believe help enhance the positioning and retail offering, attract higher visitor traffic and improve the overall rental potential of our commercial properties.

To maintain the competitiveness and profitability of our commercial properties, we strategically select a balanced mix of tenants based on a project's overall positioning and the needs of the surrounding communities, including our adjacent residential properties. We take into consideration the reputation and general brand recognition of the potential tenants, the industry sectors and nature of goods and services offered by such tenants, as well as their track records and past relationships with us.

To maintain a high-quality tenant base, we maintain a list of current and past tenants that we regularly track. We classify them as international or domestic, and retail, dining or creative industries. The list enables us to efficiently manage the tenants and facilitates our ability to procure tenants in the future.

Lease

In general, we enter into lease agreements for our commercial properties with terms that range from three to 15 years. Long-term lease agreements are normally entered into with well-known international brands, chain stores and flagship stores. We believe that the long-term leases with such tenants provide stable rental revenue to us and may help enhance the positioning of our commercial properties. We usually enter into short-term lease agreements with new or less well-known brands for a term of three years, such that we may adjust our tenants based on prevailing market conditions from time to time. In addition, we rent our entire Nanjing IST Mall except for the flagship store of a famous U.S. multinational technology company to Nanjing Wisdom Warden and receive fixed rental payment, and Nanjing Wisdom Warden in turn sublets the retail spaces to the tenants.

In March 2018, we disposed of our equity interest in Nanjing Wisdom Warden to an Independent Third Party, with a view to streamlining our Group's organizational structure and focusing on our core business. We do not have property management service income after such disposal. During the Track Record Period, our property management service income was less than 3% of our total revenue. Given the limited contribution of Nanjing Wisdom Warden to our financials, we believe such disposal would not have any material impact to our operation and financial performance. We currently do not intend to conduct any commercial property management business after Listing, and have engaged independent property management service providers to provide property management services. As advised by our PRC Legal Adviser, there was no record of any administrative penalties imposed on Nanjing Wisdom Warden before such disposal. Our Directors believe that Nanjing Wisdom Warden did not have any material non-compliance during the Track Record Period before such disposal. See "Our History and Reorganization – Reorganization – The Onshore Reorganization."

In a typical lease agreement, we generally require the tenant to provide a security deposit that amounts to two or three months' rent. We are entitled to retain such security deposit if the tenant terminates the lease without cause before the expiry of the lease term.

Under a typical lease agreement, the tenant is also required to pay property management fees to the property management company.

In general, we have the right to request tenants to cooperate with our promotional activities. We are also entitled to terminate a lease if the tenant defaults the rental payment or property management fee for more than thirty days, or renovates the leased property or changes the brand's operations without the consent from us.

Rental

Depending on the tenants' relationships with us and the scale, reputation and nature of business of the tenants, we typically use the following methods when determining the rental fees: (i) fixed rental fees during a preliminary period with predetermined periodic rental increases in the remaining lease term ("**rent based on fixed amount with adjustments**"); (ii) rental fees calculated based on a predetermined percentage of the monthly retail revenue of a tenant ("**rent based on performance**"); and (iii) rental fees calculated using the rental pricing method set out in (i) above or the rental pricing method set out in (ii) above, whichever is higher ("**rent based on combined method**").

The table below sets forth the percentage breakdown of the rent generated by our commercial complexes by rent type during the Track Record Period.

Type	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
Rent based on fixed amount with adjustments	92.7%	95.2%	92.5%	96.7%	94.7%
Rent based on performance	4.8%	3.2%	5.0%	2.6%	5.3%
Rent based on combined method	2.5%	1.6%	2.5%	0.7%	0%

Shanghai Kai Hong Plaza (上海凱鴻廣場)

Shanghai Kai Hong Plaza is an integrated commercial complex consisting of department stores, gyms, restaurants, entertainment facilities and tutoring institutions targeting at family consumers. Located in North Sichuan Road and near the center of the North Bund CBD area of Shanghai, it is expected to capture great potential of business and prosperity. Surrounded by three other shopping malls, Metro Line 3 and several bus routes, it is well accessible to residents in the nearby area. There is also a central courtyard and hanging garden incorporated in its proxy, which we believe increases the plaza's aesthetic value and helps to build the harmonious ecosystem of living environment and business sections. We started to renovate the project in May 2018 to develop a family-themed shopping and lifestyle center.

The table below sets forth a breakdown of the aggregate leased GFA of Shanghai Kai Hong Plaza by service sector as of April 30, 2018:

Service sector	Leased GFA	Percentage of total leased GFA
	(sq.m.)	(%)
Retail	6,500	30.0
Living ancillary services	5,658	26.1
Leisure and entertainment	4,921	22.7
Children service	3,524	16.2
Food and beverages	1,100	5.1
Total	**21,703**	**100.0**

The table below sets forth details with respect to the top five tenants of Shanghai Kai Hong Plaza in terms of rental income for the four months ended April 30, 2018:

Tenant	Service sector	Leased GFA	Percentage of total leased GFA
		(sq.m.)	(%)
Tenant A	Retail	6,500	30.0
Tenant B	Leisure and entertainment	2,443	11.3
Tenant C	Financial service	1,201	5.5
Tenant D	Education and tutoring	829	3.8
Tenant E.	Health and fitness	1,128	5.2

The table below sets forth details regarding the lease profile of Shanghai Kai Hong Plaza as of April 30, 2018:

Year ending December 31,	Expiring leases		GFA of expiring leases	
	(No.)	(%)	(sq.m.)	(%)
2018	17	48.6	10,337	47.1
2019	9	25.6	2,746	12.5
2020	1	2.9	430	2.0
2021	7	20.0	7,389	33.7
2022 and beyond	1	2.9	1,022	4.7
Total	**35**	**100.0**	**21,924**	**100.0**

We do not expect any significant difficulties in renewing leases with existing tenants or entering into new leases with suitable tenants for Shanghai Kai Hong Plaza. As of the Latest Practicable Date, we were not aware of any circumstances which might lead to default on rental payments or the early termination of lease agreements by any tenants of Shanghai Kai Hong Plaza which would have material adverse impact on our business, financial condition and results of operations. Except for Shanghai Qijie, all of the tenants of Shanghai Kai Hong Plaza during the Track Record Period were Independent Third Parties.

Nanjing IST Mall (南京艾尚天地)

Nanjing IST Mall is an integrated commercial complex consisting of department stores, flagship stores of well-known brands, restaurants and entertainment facilities. Located in the commercial circle of the Xinjiekou, the most prosperous commercial area of Nanjing, Nanjing IST Mall aims at attracting young population, boosting the hangout lifestyle and leading the local trend in experiential consumption and leisure. In addition to shopping and dining, Nanjing IST Mall features elements of high street fashion and cutting-edge technology, both catering to the growing need of self-expression among the young generation. As of April 30, 2018, Nanjing IST Mall was rented to Nanjing Wisdom Warden and the flagship store of a famous U.S. multinational technology company.

The table below sets forth details with respect to the top five tenants of Nanjing IST Mall in terms of rental income for the four months ended April 30, 2018:

Tenant	Service sector	Leased GFA	Percentage of total leased GFA
		(sq.m.)	(%)
Tenant F	Retail	1,486.00	6.4
Nanjing Wisdom Warden	Property management	21,557.93	93.6
Tenant G[(1)]	Food and beverages	2,215.64	9.6
Tenant H[(1)]	Food and beverages	2,258.38	9.8
Tenant I[(1)]	Retail	1,972.40	8.6

Note:

(1) Leased through Nanjing Wisdom Warden. Upon the disposal of Nanjing Wisdom Warden in March 2018, these entities are no longer deemed as our tenants.

The table below sets forth details regarding the lease profile of Nanjing IST Mall as of April 30, 2018:

Year ending December 31,	Expiring leases		GFA of expiring leases	
	(No.)	(%)	(sq.m.)	(%)
2018 to 2020	–	–	–	–
2021	1	50.0	21,557.9	93.6
2022 and beyond	1	50.0	1,486.0	6.4
Total	**2**	**100.0**	**23,043.9**	**100.0**

We do not expect any significant difficulties in renewing leases with existing tenants or entering into new leases with suitable tenants for Nanjing IST Mall. As of the Latest Practicable Date, we were not aware of any circumstances which might lead to default on rental payments or the early termination of lease agreements by any tenants of Nanjing IST Mall which would have material adverse impact on our business, financial condition and results of operations. All of the tenants of Nanjing IST Mall during the Track Record Period were Independent Third Parties.

Affiliated Commercial Property of Nanjing Kaihong Junfu (南京凱鴻雋府配套商業)

Nanjing Kai Hong Plaza is surrounded by residential properties, with a population of approximately 90,000 in its surrounding area. There are also hospitals, middle schools, elementary schools and a teenagers' play center around it. Such location guarantees a stable flow of residents seeking daily consumption services in this commercial property.

On December 26, 2014, we entered into a ten-year lease with Nanjing Dingxin Management Co., Ltd. (南京鼎鑫市場管理有限公司) ("**Nanjing Dingxin**"), an Independent Third Party, to rent retail and auxiliary spaces of our Affiliated Commercial Property of Nanjing Kaihong Junfu with a total GFA of 3,980.90 sq.m. The spaces are used for grocery market and other lifestyle purposes. From February 1, 2015 to January 31, 2018, Nanjing Dingxin must pay us an annual rent of RMB2.2 million (including property management fees). The annual rent will increase incrementally each year, reaching RMB2.4 million for the year ended January 31, 2025. The annual rent is payable quarterly.

Nanjing Dingxing has the right to sub-lease the rented spaces of Affiliated Commercial Property of Nanjing Kaihong Junfu to third parties without our consent, except for any single retail space exceeding 500.00 sq.m., in which case Nanjing Dingxin must submit a written application to us and obtain our prior written approval. We do not bear any responsibilities regarding any disputes between Nanjing Dingxin and its tenants.

We are entitled to terminate the lease if, among others, Nanjing Dingxin defaults the payment of any kind for more than a month, changes the construction structure of the leased property without our consent, changes the business purpose or usage of the property without our consent, fails to cure its breach within seven days upon our written notice. Nanjing Dingxin has the right to negotiate with us and renew the lease eight months prior to the expiration date. As of the Latest Practicable Date, we were not aware of any circumstances which might lead to default on rental payments or the early termination of the lease with Nanjing Dingxin which would have material adverse impact on our business, financial condition and results of operations.

Affiliated Commercial Property of Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)配套商業)

We commenced construction for the affiliated commercial property of Dafa Bliss Oriental (Wenzhou) in October 2017 and the completion of this project is expected to be in March 2020. The development is designed for retail usage that targets at residents in its surrounding areas.

Harbour Ring Plaza (港陸廣場)

Harbour Ring Plaza is an office building located on the prosperous Middle Xizang Road of Shanghai. The building serves as offices of many corporations and remains its aesthetic value in the center of Shanghai.

We own seven offices on the 19th floor of the office building with a total rentable GFA of 1,498.99 sq.m. We leased this office floor to Zhong De Fu Energy Co., Ltd. (中得服能源有限公司), an Independent Third Party, with a term of 39 months. The rent is RMB6.2 per square meter per day and the total rent is made in 18 installments with RMB565,370 for each installment. We have the obligation to maintain the offices in good standing during the lease term, and the tenant may issue a two-month prior written notice to us to renew the lease upon our consent. See "Relationship with Controlling Shareholders – Our Business."

PROPERTY MANAGEMENT

During the Track Record Period, Nanjing Wisdom Warden provided property management services to the tenants of Nanjing IST Mall. We collect a management fee based on their relative location, usage and usable GFA. Our property management service income was RMB6.5 million, RMB7.3 million, RMB8.0 million, RMB2.5 million and RMB1.5 million, respectively, accounting for 0.9%, 1.0%, 0.2%, 2.8% and 0.2% of our total revenue for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018.

In March 2018, we disposed of our equity interest in Nanjing Wisdom Warden to an Independent Third Party, in order to streamline our Group's organizational structure and to focus on our core business. See "Risk Factors – Risks Relating to Our Business – Gain on disposal of a subsidiary is non-recurring in nature. Accordingly, we may not record such gain in the future" and "Our History and Reorganization – Reorganization – The Onshore Reorganization."

MAJOR SUPPLIERS AND CUSTOMERS

Suppliers

Our major suppliers are construction material suppliers and construction contractors. For the three years ended December 31, 2017 and the four months ended April 30, 2018, purchases from the five largest suppliers, which were all Independent Third Parties, amounted to RMB387.2 million, RMB814.1 million, RMB525.6 million and RMB165.3 million, respectively, representing 61.6%, 60.7%, 38.4% and 52.7% of our total purchases in the same periods, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2018, purchases from our single largest supplier accounted for RMB136.6 million, RMB276.0 million, RMB132.1 million and RMB68.2 million, respectively, representing 21.7%, 20.6%, 9.7% and 21.8% of our total purchases in the same periods, respectively. We have an average of more than two years of business relationships with our top five largest suppliers during the Track Record Period.

To the best knowledge of our Directors, none of our Directors, their respective close associates or Shareholders who own five per cent or more of our issued share capital had any interest in any of our five largest suppliers during the Track Record Period.

Customers

Our customers are individual and corporate purchasers of our residential properties and tenants of our commercial properties. For the three years ended December 31, 2017 and the four months ended April 30, 2018, revenue before business tax and surcharge from our five largest customers, all of whom were Independent Third Parties, amounted to RMB22.9 million, RMB36.6 million, RMB44.0 million and RMB33.7 million, respectively, accounting for approximately 3.1%, 5.0%, 0.9% and 3.8% of our total revenue before business tax and surcharge in the same years or period, respectively. For the three years ended December 31, 2017 and the four months ended April 30, 2018, revenue before business tax and surcharge from our single largest customer amounted to RMB9.3 million, RMB11.0 million, RMB11.4 million and RMB11.2 million, respectively, accounting for 1.3%, 1.5%, 0.2% and 1.3% of our total revenue before business tax and surcharge in the same years or period, respectively. To the best knowledge of our Directors, none of our Directors, their respective close associates or any Shareholders who own five per cent or more of our issued capital had any interest in any of our five largest customers during the Track Record Period.

PROPERTIES USED BY US

Properties used by us mainly include offices. As of April 30, 2018, the offices owned and used by us accounted for an aggregate GFA of approximately 8,156.50 sq.m., with a carrying amount of RMB103.0 million, representing 0.6% of our total assets. No single property interest that forms part of our non-property activities has a carrying amount of 15% or more of the value of our total assets. As such, none of such property interests was valued by the Property Valuer.

As of the Latest Practicable Date, we entered into 80 lease agreements as tenants and failed to register all the lease agreements. We also rented out certain properties to third parties. As of the Latest Practicable Date, we entered into 36 leases as the landlord and failed to register 35 leases, among which three may subject us to penalties. We sought cooperation from the landlords at the leased properties to register such executed lease agreements. Registration of lease agreements requires the submission of certain documents of landlords, including their identity documentation and property ownership certificates, to the relevant authorities and therefore the registration is subject to cooperation of landlords which is not within our control. Our PRC Legal Adviser has advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may require us to rectify these unregistered lease agreements within a certain period of time and, if we fail to so rectify, impose a fine of up to RMB10,000 for each unregistered lease agreement. See "Risk Factors – Risks Relating to Our Business – We may be subject to fines due to the lack of registration of our leases."

COMPETITION

We are an established and well known commercial and residential property developer headquartered in Shanghai. During the past years, we have been growing dramatically and receiving awards as one of the top 100 real estate developers in China, one of the top 500 service enterprises in China and one of the ten most valuable real estate brands in Eastern China for multiple times.

We believe that the PRC residential property market and the regional residential property markets in the Yangtze River Delta Region are highly fragmented and competitive. We compete primarily with national, regional and local real estate developers that possess fine brand recognition and reputation in the cities where we and our subsidiaries have operation or intend to enter. We compete with those developers mainly over brand recognition, financial resources, sizes and locations of land reserves, pricing, etc.

Despite the high level of competition, we believe we have demonstrated resilience to market changes and competition with our substantial experience and reputation in property development, creative design, timely execution of project planning and high quality property products and services. Our main business of residential property development grows rapidly during the past years. In the cities where we had entered for a long period, such as Anqing, Nanjing and Wenzhou, we maintain our advantage even compared with nationally famous real estate developers through qualified residential products and high customer loyalty. While further concentrating on the existed familiar markets, we expand our operation scale by increasing land reserves in cities we consider promising, such as Shanghai, Ningbo, Zhoushan and Wuhu, where the purchasing power of residential properties is buttressed by the stable economic development. We are making efforts to earn more market shares and build up brand reputation by creative residential products and appropriate pricing.

We believe that further development of urbanization across the Yangtze River Delta Region will create larger demand for upgraded residential properties. We foresee more furious competition among real estate developers and believe that only those with qualified products and wise pricing strategies can survive and thrive.

INTELLECTUAL PROPERTY

We place significant emphasis on developing our brand image and pay great attention to the protection of our intellectual property rights. As of the Latest Practicable Date, we had registered 19 trademarks in the PRC and two trademarks in Hong Kong, and we had 25 trademark applications in the PRC. As of the Latest Practicable Date, we had one domain name for which our subsidiary was the registered proprietor.

Our business is not materially dependent on any intellectual property rights. During the Track Record Period and up to the Latest Practicable Date, we were not aware of any infringement of our intellectual property rights by third parties or any infringement by us of intellectual property rights owned by third parties.

For detailed information regarding our trademarks and other related information, see "Risk Factors – Risks relating to our Business – We may be exposed to intellectual property infringement, misappropriation or other claims by third parties and deterioration in our brand image which could adversely affect our business," and "Appendix V – Statutory and General Information – B. Further Information About Our Business – 2. Intellectual property rights of our Group – Trademarks."

AWARDS

Over the years and during the Track Record Period, we had received a number of awards and honors from various organizations in the PRC in recognition of our property development projects and, among other things, our brand and overall reputation in the property development industry in the PRC. The table below sets forth descriptions of certain awards and honors we have received:

Awards of Group

Year	Recipient	Honor/Award	Awarding body
2018	the Group	2018 China Top 100 Real Estate Developers (2018年中國房地產企業100強)	China Real Estate Top 10 Research Team (中國房地產TOP10研究組)
2018	the Group	2018 China Special Real Estate Outstanding Operation Enterprise – Situational Real Estate (2018中國特色地產運營優秀企業–情景地產)	China Real Estate Top 10 Research Team (中國房地產TOP10研究組)
2018	the Group	2017-2018 China Real Estate Annual Poverty Alleviation Benchmark Company (中國房地產年度扶貧標桿企業)	China Real Estate Top 10 Research Team (中國房地產TOP10研究組)
2017	the Group	2017 China Top 100 Real Estate Developers (2017年中國房地產企業100強)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2017	the Group	2017 Top 10 Brands of East China Real Estate Companies (2017年中國華東房地產公司品牌價值TOP10)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2017	the Group	2017 Outstanding Enterprise for Corporate Social Responsibility (2017年企業社會責任典範獎)	The 6th China Finance Summit Committee (第六屆中國財經峰會組委會)

Year	Recipient	Honor/Award	Awarding body
2016	the Group	2016 China Top 100 Real Estate Developers (2016年中國房地產企業100強)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2016	the Group	The Star Developers among the 2016 China Top 100 Real Estate Developers (2016年中國房地產百強之星)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2016	the Group	2016 Top 10 Brands of East China Real Estate Companies (2016年中國華東房地產公司品牌價值TOP10)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2016	the Group	2015 Shanghai Emerging Real Estate Developer (2015年上海新銳房企)	Fang.com (搜房網)
2016	the Group	2016 Charity Award for Organization (2016年公益集體獎)	The 6th China Charity Festival Committee (第六屆中國公益節委員組)
2016	the Group	The 14th "Best Employer for Graduates in Real Estate and Construction Industry" (第十四屆"房產建築行業大學生最佳僱主獎")	ChinaHR.com (中華英才網)
2016	the Group	2014 Top 10 Building Installation Real Estate Developers (2014年建築安裝房地產開發十強企業)	Yingjiang District Committee of the Communist Party of China, Yingjiang District People's Government (中共迎江區委、迎江區人民政府)
2015-2018. .	the Group	Key Enterprise Contribution Award (重點企業貢獻獎)	Shanghai Hongkou District People's Government (上海市虹口區人民政府)

Awards of Projects

Year	Recipient	Honor/Award	Awarding body
2017	Nanjing IST Mall (南京艾尚天地)	2017 Top 10 Brands of China Commercial Real Estate (2017年商業地產項目品牌價值TOP10)	China Real Estate Top10 Research Team (中國房地產TOP10研究組)
2017	Nanjing IST Mall (南京艾尚天地)	2017 Most Innovative Enterprise (2017年最具創新力企業)	2017 China Finance Summit Winter Forum (2017中國財經峰會冬季論壇)
2017	Dafa Yi Jing Cheng (大發宜景城)	2016 Top 10 Real Estate and Construction Enterprise (2016年房地產、建築業十強企業)	Yingjiang District Committee of the Communist Party of China, Yingjiang District People's Government (中共迎江區委、迎江區人民政府)
2016	Kaixin Jinyuan A (凱欣錦園A)	2015 "Bigger and Stronger" Enterprise Outstanding Contribution Award in the Real Estate and Construction Industry (2015年建築房地產業"做大做強"突出貢獻單位)	Wenzhou Ouhai District Committee of the Communist Party of China, Wenzhou Ouhai District People's Government (中共溫州市甌海區委；溫州市甌海區人民政府)
2015	Dafa Yi Jing Cheng (大發宜景城)	2014 Top 10 Building Installation Real Estate Developers (2014年建築安裝房地產開發十強企業)	Yingjiang District Committee of the Communist Party of China, Yingjiang District People's Government (中共迎江區委、迎江區人民政府)

EMPLOYEES

As of April 30, 2018, we had a total of 526 employees.

The following table sets forth a breakdown of our employees by function as of April 30, 2018.

Job Nature	Number of employees	Percentage of total Employees
		(%)
Senior management	32	6
Engineering and cost control	121	23
Sales and marketing	141	27
Administration and human resources	70	13
Finance and accounting	48	9
Design	32	6
Project research and development	67	13
Internal control	9	2
IT	6	1
Total	**526**	**100.0**

The following table sets forth a breakdown of our employees by location as of April 30, 2018.

Location	Number of employees	Percentage of total Employees
		(%)
Shanghai	197	37
Nanjing	40	8
Wenzhou	75	14
Ningbo	74	14
Wuhu	53	10
Hefei	87	17
Total	**526**	**100.0**

We mainly recruit employees from the labor market, universities and through headhunting. We enter into individual employment contracts with our employees which cover wages, employee benefits and other matters required by applicable PRC laws and regulations. We deeply care about the wellbeing of our employees and offer them salaries and benefits that we consider to be competitive with market standards. We also contribute to basic medical insurance, pension insurance, maternity insurance, unemployment insurance, work-related injury insurance and housing provident funds for our employees and pay relevant insurance premiums according to applicable PRC laws and regulations. For the three years ended December 31, 2017 and the four months ended April 30, 2018, we incurred costs in relation to our employee salaries and benefits amounting to RMB48.1 million, RMB54.2 million, RMB62.2 million and RMB27.5 million, respectively.

We are committed to training and retaining skilled employees at all levels. We provide on-going and systematic training programs for our employees based on their positions and expertise to enhance their understanding and knowledge of the property industry and related areas. For instance, training programs for our sales and marketing personnel focus on improving their sales capabilities, whereas trainings designed to improve management and leadership skills are offered to mid-to senior-level management personnel. In addition to providing internal trainings, we also engage external experts to conduct training sessions for our employees from time to time.

To induce our employees' sense of achievement, we have designed incentive plans of Collective Endeavor (共創) and Collective Triumph (共贏).

The Collective Endeavor plan allows our employees to invest in our project companies through their limited liability partnerships. All of our full time employees are eligible to participate and senior management at vice director or above levels are required to participate in the plan. Since March 2018, employees who are connected persons are no longer eligible to further invest in our project companies pursuant to the plan of Collective Endeavor. For the three years ended December 31, 2017 and the four months ended April 30, 2018, approximately RMB17.0 million, RMB21.4 million, RMB76.2 million and RMB15.9 million was invested by our employees on eight projects, and the percentage of equity interest held by the limited liability partnership in the corresponding project companies ranged from approximately 4.5% to 10%. The remaining equity interest in the corresponding project companies were held by the relevant subsidiary of Group. The Group does not finance the investment of our employees. The Collective Endeavor plan was implemented in October 2015 and the relevant project companies under the plan began to declare dividends in 2017. The dividends declared to our employees who participated in the plan amounted to approximately RMB4.5 million for the year ended December 31, 2017.

The Collective Triumph plan is a reward mechanism distributing bonus to employees according to their positions and performance. The bonus under the Collective Triumph plan is available upon satisfaction of conditions at both the regional company level and the project level. The regional company needs to fulfil at least 90% of the annual operational target set by the Group. The relevant project needs to record positive cash flow within 12 months and meet the capital return target set by the Group. The plan was launched in April 2018.

We believe that our incentive plans of Collective Endeavor and Collective Triumph may mobilize the morale and entrepreneur spirit of our employees, and tie our employees' personal growth to the development of our Group.

We are dedicated to maintaining good working relationships with our employees. During the Track Record Period, we did not experience any significant labor disputes which adversely affected in a material manner on our business operations. Our employees are represented by the employee union, which is responsible for facilitating communication between us and our employees. The employee union handles complaints from the employees, liaises between the employees and our management and ensures the legal rights of the employees are protected. During the Track Record Period and up to the Latest Practicable Date, there were no material disputes arising from our employee union.

INSURANCE

We maintain insurance, including social insurance, for our employees as required by applicable PRC laws and regulations and as we consider appropriate for our business operations. Under applicable PRC laws and regulations, construction companies as employers are required to purchase insurance for their construction workers. In line with industry practice, we do not currently maintain additional insurance in this respect.

As required by banks with respect to properties that have been pledged as collateral to secure bank loans, we have obtained property damage and third-party liability insurance for such properties in accordance with the relevant loan documents.

We are of the view that we have maintained adequate insurance coverage for our operations and that the scope of our coverage is in line with industry norms. However, there are certain risks for which we are not insured or which we may not have sufficient insurance coverage for losses, damages and liabilities that may arise in the course of our business operation. See "Risk Factors – Risks Relating to Our Business – Our current insurance coverage may not be adequate to cover all risks related to our operations."

ENVIRONMENTAL MATTERS

We are subject to a number of environmental laws and regulations including the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》), the Prevention and Control of Environmental Noise Pollution Law of the PRC (《中華人民共和國環境噪聲污染防治法》), the Environmental Impact Assessment Law of the PRC (《中華人民共和國環境影響評價法》) and the Administrative Regulations on Environmental Protection for Development Projects (《建設項目環境保護管理條例》). See "Regulatory Overview – Regulations on Land and the Development of Real Estate Projects – Development of a real estate project."

Pursuant to applicable laws and regulations, each of our development projects must undergo an environmental assessment before the commencement of construction. We must fulfill environmental impact assessment procedures with the relevant environmental protection authorities. The procedures may contain certain standards, which must be incorporated into the design, construction and operation of the project. We require our construction companies to comply with these standards during the construction process. We also encourage our construction companies to use environmentally friendly equipment and technologies. Upon the completion and before the delivery of the property, the relevant environmental protection authorities inspect the project to ensure compliance with all applicable environmental laws and regulations.

For the three years ended December 31, 2017 and the four months ended April 30, 2018, we incurred costs of approximately RMB59.4 million, RMB78.6 million, RMB99.3 million and RMB76.4 million, respectively, with respect to compliance with applicable environmental protection laws and regulations. Assuming no material changes in applicable environmental laws and regulations, we expect that we will continue to incur environmental compliance costs at a similar level going forward. As of April 30, 2018, we had not encountered any material issues in passing inspections conducted by the relevant environmental protection authorities upon completion of our properties. None of our properties had received any material fines or penalties associated with the breach of any environmental laws and regulations during the Track Record Period.

HEALTH AND SAFETY MATTERS

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide regular training to our employees on topics relating to occupational health and safety to enhance the awareness and knowledge of our employees.

Under applicable PRC laws and regulations, our construction companies are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction companies to purchase accident insurance in accordance with applicable laws and regulation, adopt effective occupational safety control measures and offer regular physical examinations and training to workers who are exposed to the risk of occupational injuries.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require our employees to follow and conduct regular inspections upon. We have established a two-tier emergency working group (突發事件應急處理小組), which is led by a senior vice president at the headquarters level and a general manager at the city company level, to deal with on-site health and safety-related incidents. Upon the occurrence of an emergency, the project department of the city company should report immediately to the general manager's office. The general manager should report to the operation center and the CEO's office within two hours after the incident and submit a written report within six hours after the incident. The project department of the city company will procure remedies to be taken by the construction companies, and the operation center will coordinate between the Group and the city company and mobilize relevant centers and departments to provide professional support. All emergencies are required to be resolved within three days. Debriefing sessions and trainings will be held afterwards to prevent future incidents of the alike.

During the Track Record Period and up to the Latest Practicable Date, we did not encounter any incidents which resulted in material injuries or fatalities of construction workers or had a material adverse effect on our operations. During the Track Record Period and up to the Latest Practicable Date, no fines or penalties with respect to non-compliance of PRC labor, health and safety laws and regulations had been imposed on us.

HEDGING ARRANGEMENTS

Our business is principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. Accordingly, we consider our exposure to currency risk to be insignificant. As of the Latest Practicable Date, we had not entered into any hedging transactions against foreign currency risks.

LEGAL PROCEEDINGS AND COMPLIANCE

Legal Proceedings

As a property developer in the PRC, we may face arbitration, litigation or administrative proceedings or disputes in the ordinary course of our business. During the Track Record Period, we were not involved in any legal or other disputes with contractors, purchasers or other persons that were material to our business, results of operations and financial conditions. Our Directors confirm that, as of the Latest Practicable Date, we had not been involved in any actual or threatened arbitration, litigation or administrative proceedings which had or could be expected to have a material adverse effect on our reputation, business, results of operations and financial condition.

Qualification Certificates

The following table sets forth details of the relevant qualification certificates material to our business and operation as of the Latest Practicable Date:

PRC subsidiary	Qualification	Classification	Status
Shanghai Dafa Land Group Co., Ltd.	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	Class 2	In effect, expiring on March 28, 2020
Shanghai Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on December 31, 2018
Shanghai Kaiyang Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on December 31, 2018
Wenzhou Gui Yin Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expired on June 29, 2020
Wenzhou Kaize Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on August 7, 2020
Wenzhou Kairun Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on December 12, 2019
Wenzhou Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on August 20, 2019
Anqing Kairun Property Development Co., Ltd.	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	Class 2	In effect, expiring on August 14, 2021
Anqing Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on December 8, 2018
Ningbo Kaiyang Real Estate Co., Ltd.	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	Provisionally class 3	In effect, expiring on April 30, 2019
Wuhu Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on April 11, 2019

PRC subsidiary	Qualification	Classification	Status
Zhoushan Kaizhou Real Estate Co., Ltd.	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	Provisionally class 3	Expired on September 18, 2018[1]
Nanjing Kaixuan Real Estate Co., Ltd.	Qualification Certificate for Real Estate Development Enterprise (房地產開發企業資質證書)	Class 3	In effect, expiring on July 20, 2019
Pizhou Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	Class 2	In effect, expiring on July 15, 2019
Sheyang Yuque Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	Class 2	In effect, expiring on August 7, 2019
Changxing Yinyi Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on August 21, 2019
Wuhu Xuanyang Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on September 4, 2019
Jurong Xuanyin Real Estate Co., Ltd.	Interim Qualification Certificate for Real Estate Development Enterprise (房地產開發企業暫定資質證書)	No classification indicated	In effect, expiring on July 29, 2019

Note:

(1) We submitted the application for renewal on September 13, 2018 and expect to receive confirmation for renewal in October 2018. As advised by our PRC Legal Adviser, if the application documents have been submitted to the relevant authorities in accordance with Real Estate Development Enterprise Qualification Management Regulation (《房地產開發企業資質管理規定》) and other relevant laws and regulations, there will be no material legal impediment to the renewal of the certificate.

Non-Compliance Incidents

A summary of certain of our non-compliance incidents during the Track Record Period is set forth in the table below.

No.	Non-compliance Incident	Reasons	Legal Consequences and Impacts	Remedial Measures
1.	**Non-compliance in connection with construction-related permits**			
	In April 2017, we commenced development of Hai Jun Fu (海雋府) prior to obtaining the relevant construction work commencement permits and certificates and completing the relevant quality control procedures.	We did not maintain sufficient and timely communication with the construction company which we engaged and we did not put in place stringent policy requiring that the construction company must obtain approval from us before commencement.	On June 9, 2017, we were issued a decision letter with respect to administrative penalty (Hai Jian Fa Jue Zi [2017] No. 13), imposed a penalty of RMB225,469 and ordered to correct the wrongdoings by the Housing and Urban-rural Development Bureau of Haishu District, Ningbo. Based on the consultation with relevant government authorities, which in the opinion of our PRC Legal Adviser are the competent authorities in connection with issuing construction related permits, the non-compliance incident was common for real estate development companies.	The penalty payments were settled and the relevant permits and certificates were obtained in June 2017. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."

No.	Non-compliance Incident	Reasons	Legal Consequences and Impacts	Remedial Measures
	In October 2016, we commenced construction work with respect to certain of our property projects before being reviewed by the administrative department of planning on Parcel 13A-01A on Xia Yang Street, Qingpu District, Shanghai (上海市青浦區夏陽街道秀澤路南側13A-01A地塊).	We did not maintain sufficient and timely communication with the construction company which we engaged and we did not put in place stringent policy requiring that the construction company must follow the instructions on the construction work planning permit.	On December 30, 2016, we were issued a decision letter with respect to administrative penalty (No. 212016018) and imposed a penalty of RMB2,000 by the Planning and Land Administration Bureau of Qingpu District, Shanghai.	The penalty payments were settled in November 2017. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."
2.	**Violation of PRC Advertising Law and PRC Pricing Law**			
	In 2017, we published property advertisements of Dafa Bliss Four Seasons prior to obtaining the relevant pre-sale permit and published misleading promotions about transportation facilities that were in the planning or construction phase.	Certain of our employees were unfamiliar with the advertising laws and regulations newly promulgated and the advertising company we engaged was not being prudent.	On March 19, 2018, we were issued a decision letter with respect to administrative penalty (Hu Jian Guan Qing Chu Zi [2018] No.292017000045) and imposed a penalty of RMB29,370 by the Administration for Industry & Commerce of Qingpu District, Shanghai. Based on the consultation with relevant government authorities, which in the opinion of our PRC Legal Adviser are the competent authorities in connection with the administration of PRC Advertising Law, the non-compliance incident did not bring about serious social impact.	On March 26, 2018, we settled the penalty payments. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."
	In May 2015, we published exaggerating and misleading advertisements of Kaixin Jinyuan (凱欣錦園).	We lacked proper and comprehensive training to our sales team.	On November 25, 2016, we were issued a decision letter with respect to administrative penalty (Wen Ou Gong Shang Chu Zi [2016] No.328) and imposed a penalty of RMB22,968 by the Market Inspection Bureau of Ouhai District, Wenzhou. Based on the consultation with relevant government authorities, which in the opinion of our PRC Legal Adviser are the competent authorities in connection with the administration of PRC Advertising Law, the non-compliance incident was immaterial.	In January 2017, we settled the penalty payments. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."

No.	Non-compliance Incident	Reasons	Legal Consequences and Impacts	Remedial Measures
	In the period of May to August of 2017, we did not specify information of the area, name of the developer, and name and qualification of sales agency in the advertisements of Dafa Bliss Huating.	Certain of our employees were unfamiliar with the advertising laws and regulations newly promulgated and the advertising company we engaged was not being prudent.	On March 26, 2018, we were issued a decision letter with respect to administrative penalty (Hu Jian Guan Qing Chu Zi [2018] No.292017001729) and imposed a penalty of RMB99,000 by the Administration for Industry & Commerce of Qingpu District, Shanghai. Based on the consultation with relevant government authorities, which in opinion of our PRC Legal Adviser are the competent authorities in connection with the administration of PRC Advertising Law, the non-compliance incident did not bring about serious social impact.	On March 26, 2018, we settled the penalty payments. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."
	In 2015, we did not comply with PRC Pricing Law when we did not specify the price on out promotion activities and materials.	We were not being prudent and accurate enough in promotional wording.	On April 16, 2015, we were issued a decision letter with respect to administrative penalty ([2014] Ning Jia Jian An No. 20) and imposed a penalty of RMB330,000 by the Nanjing Price Bureau. Based on the consultation with relevant government authorities, which in the opinion of our PRC Legal Adviser are the competent authorities in connection with the administration of PRC Pricing Law, the non-compliance incident was immaterial.	In May 2015, we settled the penalty payments. We further enhanced our relevant internal control measures. See "– Internal Control – Remedial Internal Control Measures."

INTERNAL CONTROL

The internal control system is designed to provide reasonable and adequate assurance for effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations.

Our internal control system covers all major aspects of our operations, including, among others, sales, procurement, asset management, budgeting and accounting processes. To effectively implement such processes, we have a set of comprehensive policies and guidelines which set out details regarding the internal control standards, segregation of responsibilities, approval procedures and personnel accountability in each aspect. We also carry out regular internal assessments and training to ensure our employees are equipped with sufficient knowledge on such policies and guidelines.

We have engaged Protiviti Shanghai Co., Ltd. (the "Internal Control Consultant"), an independent consulting firm, as our internal control advisor in November 2017. The scope of internal control review performed by the Internal Control Consultant was agreed between us, the Sole Sponsor, and the Internal Control Consultant. To further enhance our corporate governance practices and the effectiveness of our internal control procedures, we have adopted the following steps and measures:

- ***Internal control policies***: We are in the process of continuously improving our internal control system by adopting a set of internal control policies on corporate governance, risk management, business operations, legal matters, finance and audit. We have established channels for employees to report potential non-compliance exposures, so that we can undertake corrective measures promptly.

- ***Internal control center***: We have established an internal control center, comprising of nine staff members as of April 30, 2018, and headed by Mr. Yang Yongwu, Executive Director of the Group. Mr. Yang has more than 33 years of experience in business operations, finance and internal controls. The center will assesses and monitors the implementation of our internal control policies and will report any deviations observed to our management team.

- ***Audit committee***: We will establish an audit committee comprising three independent non-executive Directors. Their responsibilities include ensuring the compliance with applicable laws and regulations. In this regard, the audit committee will be authorized to review any arrangements which may cause potential irregularities in financial reporting, internal control or other matters.

- ***Legal advisors and regular trainings***: We will engage a qualified PRC legal adviser to advise on our regulatory compliance, and to provide annual training seminar to our Directors, senior management, staff members on the latest development of PRC laws and regulations applicable to our operations. Our Directors attended a training seminar organized by our Hong Kong legal adviser on duties of directors of listed companies on April 4, 2018 in Shanghai, during which our Directors were reminded to seek professional advice whenever necessary to ensure compliance with the relevant rules and regulations. We also seek to proactively identify any concerns and issues relating to potential non-compliance by providing training regarding the need for preventive and self-check measures to ensure compliance with all applicable laws and regulations.

Remedial Internal Control Measures

To prevent the future occurrence of non-compliance incidents, we have adopted the following remedial internal control measures.

Matters of non-compliance	Internal control measures
Non-compliance in connection with construction-related permits	***Policies, procedures and follow-up mechanism***: We enhance our policies and procedures relating to the project and construction management to clearly define the procedures as well as roles and responsibilities for obtaining and maintaining relevant permits and documents throughout the construction process. We establish a follow-up and reporting mechanism to govern and monitor the progress of application of relevant permits and documents and timely identify any potential delay. ***Local regulatory requirements***: We designate personnel of each project company to regularly update any changes in the local regulatory requirements on permits and documents regarding project and construction management and report to the headquarters. ***Regular training***: We organize quarterly training to relevant departments on the prevailing rules and regulations of project and construction management as well as the Group policies and procedures. The first training session was conducted in early April 2018. ***Internal control***: Our internal control center performs regular reviews on the design and implementation of the relevant internal controls. We have adopted and will continue to adopt and implement specific internal control measures set out above to prevent any re-occurrence of the non-compliances occurred during the Track Record Period. The Internal Control Consultant has confirmed that we have implemented all the recommended internal control measures. Based on the results of the review, the Internal Control Consultant considered the enhanced internal control measures, if implemented continuously, are adequate and effective in enhancing our internal control system and to reasonably prevent future non-compliance incidents as described above.

Matters of non-compliance	Internal control measures
Violation of PRC Advertising Law and PRC Pricing Law	***Policies, procedures and guidelines***: We have promulgated "Guidelines on Design and Publication of Marketing and Advertising," which sets forth detailed procedures relating to pricing, advertisement design, sales and marketing, and require the relevant departments to comply with the guidelines. We require our marketing center to update and publish the guidelines and interpret the procedures. The marketing management departments in our city companies are required to strictly follow the guidelines. ***Regulatory requirements***: We require our marketing center to closely follow any changes in the regulatory requirements on advertising and pricing-related laws. ***Regular training***: We organize periodic trainings to relevant departments regarding compliance with the PRC Advertising Law and the PRC Pricing Law and the Group's policies regarding sales and marketing. ***Internal control***: Our internal control center performs regular reviews on the design and implementation of the relevant internal controls.

The Internal Control Consultant conducted follow-up reviews during March to August 2018 of the implementation status of these remedial internal control measures, and did not notice any internal control deficiency with respect to such remedial internal control measures.

Our Directors' View

On the basis that (i) we had paid the relevant penalties, where applicable, in full; (ii) we had obtained the confirmation letters from or consulted with the relevant government authorities or been advised by our PRC Legal Adviser that the relevant non-compliance incidents were immaterial; (iii) our PRC Legal Adviser is of the view that the risks that we will be subject to further administrative penalties for such non-compliances by such relevant government authorities which issued the confirmations are low; (iv) facts and circumstances of relevant non-compliance incidents were one-time and non-recurring; and (v) we had engaged the Internal Control Consultant to perform review on our remedial internal controls and had adopted the rectification measures to address such incidents and the enhanced internal control measures to ensure on-going compliance, our Directors are of the view that (i) the above measures are adequate and will effectively ensure a proper internal control system to prevent future similar non-compliance with the PRC laws and regulations, (ii) the non-compliances would not negatively reflect on the Directors' competency under Rules 3.08 and 3.09 of the Listing Rules and the Company's suitability for Listing.

In addition, since the above-mentioned non-compliance incidents were deemed immaterial and we had adopted rectification measures in a timely manner as possible in each case, we did not experience any material difficulties in obtaining banking facilities nor had we been rejected for any loan applications or trust financing applications by commercial banks or trust financing companies, as the case may be during the Track Record Period and up to the Latest Practicable Date in light of these non-compliance incidents.

RISK MANAGEMENT

We recognize that risk management is critical to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment of the PRC property market, availability of suitable land sites for developments at commercially acceptable prices, local economic environment, expansion risks relating to entering into new cities or geographic regions, ability to timely complete our construction projects with sound quality, available financing to support our growth, competition from other property developers and our ability to promote and sell our properties in a timely fashion. In order to meet these challenges, we have adopted, or expect to adopt before the Listing, a series of internal control policies, procedures and plans that are designed to reasonably assure effective and efficient operations, reliable financial reporting and compliance with applicable laws and regulations. See "Risk Factors" for a discussion of various risks and uncertainties we face. In addition, we also face various market risks. In particular, we are exposed to credit, liquidity, interest rate and currency risks that arise in the normal course of our business. See "Financial Information – Market Risks" for a discussion of these market risks.

In order to ensure the effective implementation of such internal control policies, we have adopted various on-going measures, including the following:

- Our Board of Directors is responsible and has general powers over the management and conduct of the business of our Group. Any significant business decision involving material risks, such as decisions to expand into new geographic regions or to incur significant corporate finance transactions, are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body.

- Our management team at the headquarter level is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our city and project companies. We adopt a centralized approach to review and approve the business plan and structure. Our financial and accounting matters are directly controlled and reviewed at our headquarters level to ensure the consistency and accuracy. Our cost management department centralizes major procurement and construction contracts entered into to monitor the risks associated with such contracts, and also our internal audit function and legal affairs department to ensure regulatory and contractual compliance. Our IT system facilitates the above management processes.

- Our final site selection decisions are made by our investment committee. This committee was specifically formed to review and approve such business development and consists of our Chairman of the Board of Directors, CEO and the vice presidents of relevant departments at the headquarters level.

- For particular operational and market risks, control measures are adopted at an operational level. For example, we control major construction risk by engaging qualified construction contractors with strict contractual requirements and reputable independent third-party project supervisory companies while maintaining daily quality control supervision.

- We enforce strict control and accountability policies and manuals at an individual employee level and conduct on-going training. Our policies and manuals are updated consistently based on our operational needs. We seek to maintain a corporate culture with a high level of responsibility, integrity and reliability to manage our operational and market risks.

- Our internal audit function will perform regular reviews on the design and implementation of the internal controls and follow through remediation of deficiencies identified, the details of which are set out above.

OVERVIEW

Immediately following the completion of the Global Offering (but excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Ultimate Controlling Shareholders acting in a consensual manner by virtue of the Deed of Act-in-concert, will be entitled to exercise voting rights of approximately 75% of the total issued share capital of our Company through their respective investment holding companies.

Accordingly, our Ultimate Controlling Shareholders and their respective investment holding companies, Splendid Sun, Sound Limited, Shade (BVI) and Glorious Villa will continue to be our Controlling Shareholders upon Listing.

Pursuant to the Deed of Act-in-concert, each of our Ultimate Controlling Shareholders had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions in the same way since January 1, 2015 or the date when they became interested in any member of our Group, whichever is earlier.

Apart from our Group, the Ultimate Controlling Shareholders and their respective associates currently have interests in the Excluded Businesses (as defined below). To ensure that competition will not exist in the future, our Ultimate Controlling Shareholders have entered into the Deed of Non-Competition with us to the effect that each of them will not, and will procure each of their respective associates not to, directly or indirectly participate in, or hold any right or interest or otherwise be involved in, any business which may be in competition with our businesses.

OUR BUSINESSES

Our Group engages in (i) property development and sales and (ii) commercial property investment and operations. We develop residential properties and commercial complexes in Shanghai, Nanjing, Wenzhou, Ningbo, Anqing, Zhoushan and Wuhu. We hold four commercial complexes and seven offices in Shanghai, Nanjing and Wenzhou for capital appreciation and lease or intend to lease them to generate rental income. The seven offices were purchased by Shanghai Dafa for office use in September 2010 but it moved its office to our headquarters for better office environment in 2017. We currently lease the seven offices to Zhong De Fu Energy Co., Ltd. (中得服能源有限公司), an Independent Third Party, for a period of 39 months commencing from November 2017. For the three years ended December 31, 2017 and the four months ended April 30, 2018, our total revenue generated from the lease of these seven office amounted to nil, nil, RMB496,000 and RMB992,000, respectively, representing nil, nil, 0.01% and 0.11% of our total revenue in the respective periods. Leasing offices are not our core business. For further information about our leasing business, please refer to the section headed "Business-Commercial Property Investment and Operations – Lease."

EXCLUDED BUSINESS

Dafa Group

Dafa Group is a company established in the PRC on June 17, 1996 and is owned as to 60%, 20% and 20% by Mr. Ge Hekai, Mr. Ge Yiyang and Shanghai Hehong, respectively. Shanghai Hehong is owned as to 73%, 21%, 5% and 1% by Mr. Ge Hekai, Mr. Ge Yiyang, Ms. Jin Linyin and Mr. Ge Heming, respectively.

After the Reorganization, Dafa Group has been engaged in the leasing of an office building owned and developed by it in Wenzhou (the "**Office Building Leasing Business**") and as confirmed by Dafa Group, it has no current intention to extend its office leasing business out of Wenzhou.

The management of Dafa Group is independent from that of our Group's and there is no overlap. The sole director of Dafa Group is Mr. Ge Hekai, who is not our Director or senior management of the Company.

Considering that (i) Dafa Group only leases an office building in Wenzhou while we do not and do not currently intend to have any office building leasing business in the same area, and (ii) there is no overlap of the management team of Dafa Group and ours, our Directors are of the view that there will be no competition between Dafa Group and us.

The UK Group

As of the Latest Practicable Date, apart from our business and Dafa Group, Mr. Ge Hekai, one of our Ultimate Controlling Shareholders together with Mr. Ge Yiyang, our executive Director and one of our Ultimate Controlling Shareholders, indirectly or directly held 70% and 70% share capital of Kaiyang (London) Real Estate Ltd. and Dafa (UK) Limited, respectively (collectively the "**UK Group**", together with Dafa Group, the "**Excluded Group**"), which are principally engaged in real estate development in the United Kingdom. In order to achieve the geographical segregation between the property development projects of the UK Group and our Group and to ensure clear delineation, the UK Group will only conduct its property business in the United Kingdom.

As of the Latest Practicable Date, Dafa (UK) Limited completed the development of one residential project in Eastbourne (the "**Eastbourne Project**"), which consists of 10 apartments and four townhouses.

As of the Latest Practicable Date, Kaiyang (London) Real Estate Ltd. held a few land parcels in London for future development (the "**London Projects**", together with the Eastbourne Project, the "**UK Business**"). As confirmed by the UK Group, the London Projects are in preliminary stage and no revenue or profit was derived during the Track Record Period (the "**UK Business**" together with the Office Building Leasing Business, the "**Excluded Business**").

The management of the UK Group is independent from that of our Group's and there is no overlap. None of the directors of Kaiyang (London) Real Estate Ltd. and Dafa (UK) Limited are Directors or senior management of our Company.

Considering that (i) the UK Group only develops properties in the United Kingdom and we do not and do not currently intend to have any business in the same area, and (ii) there is no overlap of the management team of the UK Group and ours, our Directors are of the view that there will be no competition between the UK Group and us.

Main Reasons for Exclusion of the Excluded Business

We have taken into account one or more of the following reasons in the exclusion of the Excluded Business:

(i) Clear geographical delineation between our Group and the Excluded Group

Dafa Group only leases an office building in Wenzhou while we do not and do not currently intend to have any office leasing business in the same area. The UK Group only develops properties in the United Kingdom and we do not and do not currently intend to have any business in the same area. Our Directors consider the geographical delineation between our Group's projects and the projects of the Excluded Group is essential and effective in ring-fencing the business of our Group and the Excluded Group. The projects of Excluded Group are considered to be located outside our geographical areas of focus due to the different markets, customers and suppliers and therefore excluded from our Group.

(ii) Investment strategy of our Company

We do not plan to develop or acquire any office building leasing business as it is not in line with our strategy.

(iii) Capex Requirement of the Excluded Group

Some of the projects of Excluded Group require long term investment and heavy capital expenditure. They fall outside our investment strategy in terms of capex requirement and duration of investment. For instance, the London Projects owned by the UK Group are in preliminary development stage, which require heavy investment cost, therefore are excluded from the Group.

Intention of our Controlling Shareholders

Our Controlling Shareholders have confirmed that they have no present intention to inject the Excluded Group into our Group after Listing. If our Company is aware of any change in our Controlling Shareholders' intention in this regard, our Company will make an announcement in accordance with Rule 8.10(1)(a)(iv) of the Listing Rules. Any acquisition by our Group of the Excluded Group in the future will be subject to compliance with the relevant requirements of the Listing Rules, including without limitation Rule 8.10(1)(b) and Chapter 14A of the Listing Rules.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying out our business independently of our Controlling Shareholders and their respective close associates after Listing.

Management Independence

Our Board comprises four executive Directors and three independent non-executive Directors. For more details, please see "Directors and Senior Management." Mr. Ge Yiyang, our executive Directors and the chairman of the Board, is also one of our Ultimate Controlling Shareholders.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he must act for the benefit of and in the best interests of our Company and no conflict between his duties as a Director and his personal interests shall exist. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. In addition, we believe that our independent non-executive Directors can bring independent judgment to the decision-making process of our Board.

The daily operation of our Group is carried out by an independent experienced management team. We have the capabilities and personnel to perform all essential administrative functions, including financial and accounting, human resources, business management and research and development on a standalone basis. Although Mr. Ge Yiyang, our executive Director and the chairman of the Board, is also a director of Glorious Villa, given that Glorious Villa was incorporated as part of the Reorganization for investment holding purpose only, Mr. Ge Yiyang will be able, and has undertaken, to devote most of his time and attention to the development strategy and strategic planning and business of our Group. Save as disclosed above, there is no overlap of the management team of the Controlling Shareholders' and ours.

Based on the above, our Directors are satisfied that the Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational Independence

We have full rights, hold all relevant licenses, have sufficient capital and employees necessary to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after Listing.

Intellectual property rights and licenses required for operation

We are not reliant on trademarks owned by our Controlling Shareholders or their respective close associates. In addition, we hold and enjoy the benefit of all relevant licenses and permits material to the operation of our business.

Access to customers

We conduct our own sales and marketing through our sales and marketing center and independent third-party agents. Our Group has a large and diversified base of customers that are unrelated to our Controlling Shareholders and/or their respective close associates.

Operational facilities

As of the Latest Practicable Date, save as disclosed in the section headed "Continuing Connected Transactions – Fully Exempt Continuing Connected Transaction", all the properties and facilities necessary to our business operations are owned by us or leased from Independent Third Parties.

Employees

As of the Latest Practicable Date, substantially all of our full-time employees were recruited independently and primarily through recruitment websites, sub-contracting with independent contractors, on-campus recruitment programs, advertisements in newspapers, recruiting firms and internal referrals.

Financial Independence

We have established our own finance department with a team of financial staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we have been and are capable of obtaining financing from independent third parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

As of April 30, 2018, we had a total borrowing amounting to RMB3,669.4 million guaranteed or pledged by our Controlling Shareholders and we did not provide any guarantee in favor of our Controlling Shareholders and their respective close associates as of the same date. Our Directors confirm that such guarantees provided by or to our Controlling Shareholders will be released before the Listing. Please see Note 29 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, for details.

As of April 30, 2018, we had amounts due from our Controlling Shareholders and their respective close associates amounting to approximately RMB364.3 million; and the amounts due to our Controlling Shareholders and their respective close associates amounting to approximately RMB2.3 million. All the non-trade receivables and payables due from and due to our Controlling Shareholders and their respective close associates will be released or fully settled prior to Listing. Please see Note 37 to the Accountants' Report, the text of which is set out in Appendix I to this prospectus, for details.

Save as disclosed above, as of the Latest Practicable Date, there were no other loans, advances or balances due to and from our Controlling Shareholders and their respective close associates which have not been fully settled.

Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

NON-COMPETITION UNDERTAKINGS

To ensure that competition does not develop between us and other business activities and/or interests of our Controlling Shareholders, each of our Controlling Shareholders (collectively, the "**Covenantors**" and each, a "**Covenantor**") has entered into a Deed of Non-Competition in favor of our Company on September 10, 2018, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with our Company that at any time during the Relevant Period (as defined below), the Covenantor shall not, and shall procure that its/his/her close associates (other than members of our Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC or anywhere except the United Kingdom which are the same as, similar to or in competition or likely to be in competition with the business carried on or contemplated to be carried on by any member of our Group from time to time (the "**Restricted Business**").

The above restrictions do not prohibit any of the Covenantors and its or his close associates (excluding members of our Group) from:

(a) holding any securities of any companies which conducts or is engaged in any Restricted Business through their interests in our Group;

(b) undertaking project(s) or otherwise be involved in any of the Restricted Businesses provided that the following conditions are satisfied:

  (i) the project or business opportunity has been first offered to our Group, and our Group has not taken it up;

  (ii) the relevant Covenantor shall not undertake projects or businesses awarded by or otherwise entered into with any past or present customer(s) of our Group; and

  (iii) the relevant Covenantor shall not undertake any project(s) or business(es) in which our Group has previously sought to take part; or

(c) through acquiring or holding any investment or interest in units or shares of any company, investment trust, joint venture, partnership or other entity in whatever form which engages in any Restricted Business where such investment or interest does not exceed 10% of the issued shares of such entity provided that (1) such investment or interest does not grant the Covenantors or their respective close associates any right to control the composition of the board of directors or managers of such entity, (2) none of the Covenantors or their respective close associates control the board of directors or managers of such entity and (3) such investment or interest does not grant the Covenantors or their respective close associates any right to participate directly or indirectly in such entity.

Each of the Covenantors has also undertaken to refer, or to procure the referral of, any investment or commercial opportunities relating to any Restricted Business ("**New Business Opportunities**" and each, a "**New Business Opportunity**") to us (for ourselves and as trustee for the benefit of each of our subsidiaries from time to time) in the following manner:

- As soon as it/he/she becoming aware of any New Business Opportunity, give written notice (the "**Offer Notice**") to us identifying the target company (if relevant) and the nature of the New Opportunity, detailing all information available to it/him/her for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to it).

- Our Company shall, as soon as practicable and in any case within 25 business days from the receipt of the Offer Notice (the "**Offer Notice Period**") notify the relevant Covenantor in writing of any decision taken to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering it/him/her, proposing or presenting the New Business Opportunity and the relevant Covenantor shall use its/his/her best endeavors to assist us in obtaining such New Business Opportunity on the same or more favorable terms.

- Our Company is required to seek approval from our independent non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial advisor to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required.

- The relevant Covenantor may, at its/his/her absolute discretion, consider extending the Offer Notice Period as appropriate.

- The relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:

  (i) it/he/she has received a written notice from us declining the New Business Opportunity; or

  (ii) it/he/she has not received any written notice from us of our decision to pursue or decline the New Business Opportunity within 25 business days from our receipt of the Offer Notice, or if it/he/she has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity.

- If there is a change in the nature or proposal of the New Business Opportunity pursued by the relevant Covenantor, it/he/she shall refer the New Business Opportunity as revised and shall provide to us details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our independent non-executive Directors will form their views based on a range of factors, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Covenantors, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations and rules and regulatory bodies to disclose, from time to time, information on the New Business Opportunities, including but not limited to disclosure in public announcements or annual reports of our Company our decisions to pursue or decline the New Business Opportunities, and have agreed to disclose to the extent necessary to comply with any such requirements.

Under the Deed of Non-competition, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

(i) the Covenantors shall provide, and shall procure their close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our independent non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their close associates' (other than members of our Group) compliance with the Deed of Non-competition, and to enable the independent non-executive Directors to enforce the Deed of Non-competition;

(ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Deed of Non-competition;

(iii) the Covenantors have agreed and authorized us to disclose decisions on matters reviewed by the independent non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition, either through our annual reports or by way of public announcements; and

(iv) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Deed of Non-competition by the Covenantors or any of their respective close associates.

Our Company will disclose the decisions with basis on matters reviewed by our independent non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcement to the public.

For the purposes of the above, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of (i) the date when the Covenantors and any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company or (ii) the date on which our Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of our Shares).

CORPORATE GOVERNANCE MEASURES

Our Directors believe that there are adequate corporate governance measures in place to manage the potential conflict of interests between our Controlling Shareholders and our Group and to safeguard the interests of the Shareholders taken as a whole for the following reasons:

- the independent non-executive Directors will review, on an annual basis, the compliance with non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition;

- our Controlling Shareholders shall provide all information requested by our Company which is necessary for the annual review by the independent non-executive Directors and the enforcement of the Deed of Non-competition;

- our Company will disclose decisions and related basis on matters reviewed by the independent non-executive Directors (including all rejections by our Company of New Business Opportunities that have been referred from our Controlling Shareholders) relating to the compliance with and enforcement of the non-competition undertakings by our Controlling Shareholders under the Deed of Non-competition in the annual reports of our Company or by way of public announcements;

- our Controlling Shareholders to make annual statements on compliance with the Deed of Non-competition in our annual reports, which is consistent with the principles of making disclosure in the corporate governance report of the annual report under the Listing Rules;

- as part of our preparation for the Global Offering, we have amended our Articles of Association to comply with the Listing Rules. In particular, our Articles of Association provide that, unless otherwise provided, a Director shall not vote on any resolution approving any contract or arrangement or any other proposal in which such Director or any of his/her close associates has a material interest nor shall such Director be counted in the quorum present at the meeting;

- a Director with materials interests shall make full disclosure in respect of matters that conflict or potentially conflict with our interest and absent himself/herself from the board meetings on matters in which such Director or any of his/her close associates have a material interest, unless the attendance or participation of such Director at such meeting of the Board is specifically requested by a majority of the independent non-executive Directors;

- we are committed that our Board should include a balanced composition of executive and non-executive Directors (including independent non-executive Directors). We have appointed three independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgment and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. For details of our independent non-executive Directors, please see "Directors and Senior Management – Board of Directors – Independent Non-executive Directors";

- in the event that our independent non-executive Directors are requested to review any conflicts of interests circumstances between our Group on the one hand and our Controlling Shareholders and/or our Directors on the other, our Controlling Shareholders and/or our Directors shall provide our independent non-executive Directors with all necessary information and our Company shall disclose the decisions of our independent non-executive Directors (including why business opportunities referred to it by our Controlling Shareholders were not taken up) either through its annual report or by way of announcements; and

- we have appointed First Shanghai Capital Limited as our compliance advisor, which will provide advice and guidance to us in respect of compliance with the applicable laws and the Listing Rules, including various requirements relating to directors' duties and corporate governance.

We have entered into certain transactions with our connected person, the details of which are set out below. The transactions disclosed in this section will constitute our continuing connected transactions under Chapter 14A of the Listing Rules upon Listing.

CONNECTED PERSON

Dafa Group, a company established in the PRC with limited liability, is principally engaged in Office Building Leasing Business. Dafa Group is wholly-owned by our Controlling Shareholders and hence a connected person of our Company.

FULLY EXEMPT CONTINUING CONNECTED TRANSACTION

Description of the Transaction

Tenancy agreement between Dafa Group and Shanghai Dafa

Shanghai Dafa and Dafa Group entered into a tenancy agreement (the "**Tenancy Agreement**") on April 19, 2018, pursuant to which Shanghai Dafa leased from Dafa Group certain premise located at 6/F and 7/F, Dafa Commercial Building, Hui Min Lu Bei Shou, Lu Cheng District, Wenzhou, Zhejiang Province, the PRC with a gross floor area of approximately 1,210.83 sq.m. (the "**Premise**") for a term of three years commencing from April 19, 2018 to April 18, 2021 at an annual rental of RMB1,743,595.2.

The Premise is used as offices by Shanghai Dafa and/or its subsidiaries.

Historical Transaction Amounts

For each of the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018, the total amount of rental incurred for the Premise amounted to approximately RMB2,013,000, RMB1,867,000, RMB1,728,000 and RMB576,000, respectively.

Pricing Policy

The annual rental was determined by the parties through arm's length negotiations with reference to the then prevailing market rate for the Premise. Jones Lang LaSalle Corporate Appraisal and Advisory Limited, our independent property valuer, has confirmed that the current annual rental paid by our Group under the Tenancy Agreement is fair and reasonable and reflect the prevailing market rates and is no less favorable to our Group than that we can get from an Independent Third Party.

Reason for the Transactions

We have been using the Premise for years and any relocation will cause operational inconvenience and disruption.

Listing Rules Implications

Since each of the applicable percentage ratio (other than the profits ratio) under the Listing Rules in respect of the annual caps is expected to be less than 0.1%, the transactions under the Tenancy Agreement are within the de minimis threshold stipulated in Rule 14A.76(1)(a) of the Listing Rules and will be exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The following table sets forth certain information concerning our Directors and senior management personnel:

Name	Age	Time of joining our Group	Position	Date of appointment as Directors or senior management	Roles and Responsibilities	Relationship with other Directors or senior management
Directors						
Mr. Ge Yiyang (葛一暘)	34	October 2006	Executive Director and chairman of the Board	December 19, 2017	Responsible for the overall strategic planning of our Group	Cousin of Mr. Ge Lv
Mr. Liao Lujiang (廖魯江)	46	February 2018	Executive Director and chief executive officer	March 23, 2018	Responsible for business operations and daily management of our Group as well as our Group's real estate development projects located in Ningbo, Zhoushan and Wuhu	None
Mr. Chi Jingyong (池淨勇)	40	September 2000	Executive Director	March 23, 2018	Responsible for cost control and procurement of our Group	None
Mr. Yang Yongwu (楊永武)	51	August 2007	Executive Director	March 23, 2018	Responsible for financial management, risk management and corporate governance of our Group	None
Mr. Gu Jiong (顧炯)	46	September 2018	Independent non-executive Director	September 10, 2018	Providing independent advice on the operations and management of our Group	None
Mr. Sun Bing (孫冰)	43	September 2018	Independent non-executive Director	September 10, 2018	Providing independent advice on the operations and management of our Group	None
Mr. Fok Ho Yin Thomas (霍浩然)	47	September 2018	Independent non-executive Director	September 10, 2018	Providing independent advice on the operations and management of our Group	None

Senior Management

Name	Age	Time of joining our Group	Position	Date of appointment as Directors or senior management	Roles and Responsibilities	Relationship with other Directors or senior management
Mr. Ge Lv (葛律)	34	March 2007	Vice president	April 4, 2018	Responsible for our Group's real estate development projects located in Nanjing, Jiangsu Province, in charge of the commercial and branding center of the Group	Cousin of Mr. Ge Yiyang, our executive Director and chairman of the Board
Mr. Lu Ling (陸苓)	41	October 2009	Marketing director	April 4, 2018	Responsible for marketing of our Group	None
Mr. Shen Jian (沈劍)	37	February 2002	Person-in-charge for the project companies in Shanghai	April 4, 2018	Responsible for our Group's real estate development projects located in Shanghai	None
Mr. Kong Guisheng (孔貴生)	50	September 2001	Person-in-charge for the project companies in Anqing	April 4, 2018	Responsible for our Group's real estate development projects located in Anqing	None
Mr. Duan Xiaosu (段曉素)	47	August 1999	Person-in-charge for the project companies in Wenzhou	April 4, 2018	Responsible for our Group's real estate development projects located in Wenzhou	None

BOARD OF DIRECTORS

Our Board is responsible for and has general powers over the management and conduct of our business. It consists of seven Directors including four executive Directors and three independent non-executive Directors.

Executive Directors

Mr. Ge Yiyang (葛一暘), aged 34, was our sole Director from December 19, 2017 to March 22, 2018 and was re-designated as our Executive Director on March 23, 2018. He is a cousin of Mr. Ge Lv, who is our vice president, the son of Mr. Ge Hekai and Ms. Jin Linyin and a nephew of Mr. Ge Heming. Mr. Ge Hekai, Ms. Jin Linyin and Mr. Ge Heming are our Controlling Shareholders. Mr. Ge is responsible for the overall strategic planning of our Group. Mr. Ge has over 11 years of experience in the PRC real estate industry. He joined our Group as a management trainee and successively held various key positions within the Group. He has served as the manager of Shanghai Dafa since January 2015. In addition, Mr. Ge currently holds directorship or senior management position in the following subsidiaries of our Company:

Name of subsidiary	Position	Period of time
Wenzhou Kairun Real Estate	Director	November 2013 – present
Shanghai Yinyi Real Estate	Director, manager	October 2014 – present
Shanghai Dafa	Director Manager	April 2018 – present January 2015 – present
Nanjing Kaixuan Real Estate	Director	January 2015 – present
Shanghai Kaiyuan Trade	Director	February 2015 – present
Wenzhou Yinyi Real Estate	Director	June 2015 – present
Shanghai Yinyi Investment	Director, manager	September 2015 – present
Shanghai Wangyin Industry	Director Manager	July 2016 – present July 2016 – September 2018
Ningbo Kaiyang Real Estate	Director, manager	November 2016 – present
Shanghai Guiyin Industry	Director, manager	November 2016 – present
Wenzhou Guiyin Real Estate	Director	February 2017 – present
Shanghai Rongque Industry	Director	March 2017 – present
Shanghai Hanqi Industry	Director	April 2017 – present
Shanghai Hanxuan Industry	Director	May 2017 – present
Zhoushan Kaizhou Real Estate	Director	June 2017 – present
Nanjing Geyang Real Estate	Director	June 2017 – present
Wuhu Yinyi Real Estate	Director	November 2017 – present
DaFa Blooms	Director	December 2017 – present
YinYi Holdings	Director	January 2018 – present
Wenzhou Kaiyang	Director, general manager	March 2018 – present

Mr. Ge obtained his bachelor's degree in business administration and computer science from Aston University in the U.K., in July 2006. He also obtained an executive master business administration degree from Cheung Kong Graduate School of Business (長江商學院) in Beijing, the PRC in September 2013. Mr. Ge also enrolled in the DBA program (企業家學者項目) offered by Cheung Kong Graduate School of Business in October 2016. Mr. Ge was awarded Outstanding Individual in The Second Return of Wenzhou Entrepreneurs (第二屆溫商回歸先進人物) in February 2005 by the CPC Wenzhou Municipal Committee (中共溫州市委). In July 2017, Mr. Ge was awarded the Best Youth Model of 2017 (2017最佳青年榜樣) by The Sixth Organizing Committee of China Finance Summit (第六屆中國財經峰會組委會). He was awarded the Influential Individual of the Year (年度影響力人物) by the Times Creative and Change List (時代創變榜) in November 2017.

The Directors are of the view that Mr. Ge will be able to competently and efficiently perform his role as the executive Director and chairman of the Board because: (i) Mr. Ge Yiyang holds residence permit and work permit to visit and work in the PRC and is able to come to our headquarters in Shanghai when required, (ii) during the Track Record Period, he was able to attend meetings of the Group when required and effectively communicate with the senior management of the Group and (iii) he has been able to devote sufficient time to oversee the strategic planning of the Group and will continue to do so at the time of the Listing and thereafter.

Mr. Liao Lujiang (廖魯江), aged 46, has been our executive Director since March 23, 2018. He was appointed as our chief executive officer on April 4, 2018 and is responsible for business operations and daily management of our Group as well as our Group's real estate development projects located in Ningbo, Zhoushan and Wuhu. Mr. Liao has over 11 years of experience in the PRC real estate industry. He joined our Group in February 2018 and has been the chief executive officer of Shanghai Dafa. From October 2006 to January 2011, Mr. Liao was with Longfor Properties Co., Ltd. (龍湖地產有限公司), a company listed on the Stock Exchange (stock code: 960), where he successively served as a deputy manager of the department of human resources and a personnel director of human resources and was responsible for human resource management. From January 2011 to January 2018, Mr. Liao served as an executive director of Shimao Property Holdings Limited (世茂房地產控股有限公司), a company listed on the Stock Exchange (stock code: 813), where he was responsible for operation, information technology and human resources. Since September 2015, Mr. Liao has been a director of Beijing Bozhicheng Management Consulting Co., Ltd. (北京博志成在線科技股份有限公司), a technology company, whose shares are quoted on the National Equities Exchange and Quotations System (Stock code: 872526).

Mr. Liao obtained a master's degree in public administration from Tsinghua University (清華大學) in Beijing, the PRC in July 2004. He also obtained an executive master of business administration degree from The Hong Kong University of Science and Technology in Hong Kong in November 2016.

Mr. Chi Jingyong (池淨勇), aged 40, has been our executive Director since March 23, 2018 and is primarily responsible for cost control and procurement of our Group. Mr. Chi has over 17 years of experience in the PRC real estate industry. He joined our Group in September 2000 and has been the vice president of Shanghai Dafa. He is also currently the chairman of the board of directors of Wenzhou Kaize Real Estate and a supervisor of Nanjing Kaize Investment.

Mr. Chi obtained his bachelor's degree in architectural engineering from Tongji University (同濟大學) in Shanghai, the PRC in January 2006 through online education. He also obtained a master's degree in international real estate from The Hong Kong Polytechnic University in Hong Kong in October 2012. Mr. Chi was granted the qualification as a constructor by the Ministry of Personnel of the PRC (中華人民共和國人事部) and the Ministry of Construction of the PRC (中華

人民共和國建設部) in March 2007. He also obtained the qualification as a cost engineer granted by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) and the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) in January 2012. Since March 2014, Mr. Chi has also been a senior engineer authorized by Zhejiang Province Human Resources and Social Security Department (浙江省人力資源和社會保障廳).

Mr. Yang Yongwu (楊永武), aged 51, has been our executive Director since March 23, 2018 and is primarily responsible for financial management, risk management and corporate governance of our Group. Mr. Yang has over 15 years of experience in financial management. Mr. Yang joined our Group in August 2007 and is currently the assistant president of Shanghai Dafa. From February 2001 to April 2005, Mr. Yang was the chief accountant and the manager of the financial department of Wenzhou City Lucheng District Real Estate Development Company Limited (溫州市鹿城區房地產開發總公司), a real estate development company.

Mr. Yang obtained his bachelor's degree in financial accounting from Zhejiang Open University (浙江廣播電視大學) in Zhejiang Province, the PRC in September 1990. He acquired his accounting license in May 1996 from the Ministry of Finance of the People's Republic of China. Mr. Yang obtained the qualification as an accountant in May 1996 as certified by the Ministry of Finance of the PRC (中華人民共和國財政部). In addition, Mr. Yang currently holds directorship in the following subsidiaries of our Company:

Name of subsidiary	Position	Period of time
Wuhu Xuanyang Real Estate	Director	May 2018 – present
Shanghai Hanyan Industry	Director	May 2018 – present
Shanghai Hanben Industry	Director	May 2018 – present
Shanghai Hanfang Industry.	Director	May 2018 – present
Ningbo Kaihe Real Estate	Director	May 2018 – present
Ningbo Kairen Real Estate	Director	May 2018 – present
Ningxia Dafa Property Development	Director	May 2018 – present
Gansu Dafa Property Development	Director	June 2018 – present
Shaanxi Kairun Property Development	Director	June 2018 – present
Shanghai Yinze Real Estate	Director	June 2018 – present
Shanghai Hanyou Industry	Director	June 2018 – present
Ningbo Kaiyuan Real Estate	Director	June 2018 – present
Ningbo Kaize Real Estate	Director	June 2018 – present
Ningbo Kaili Real Estate	Director	June 2018 – present
Shenzhen Hanqi Industry Development.	Director	July 2018 – present
Shanghai Yinwang Real Estate.	Director	July 2018 – present

Name of subsidiary	Position	Period of time
Ningbo Yuyao Kairun Real Estate	Director	July 2018 – present
Huzhou Yinwang Real Estate	Director	July 2018 – present
Huzhou Yinze Real Estate	Director	July 2018 – present
Shanghai Yinjue Real Estate	Director	July 2018 – present
Yingde Yuque Real Estate	Director	August 2018 – present
Qionglai Hanyan Property Development	Director	August 2018 – present
Jiaxing Kaize Real Estate	Director	August 2018 – present
Shanghai Yuque Industry	Director	August 2018 – present
Shenzhen Hancong Industry Development	Director	August 2018 – present
Shenzhen Rongque Industry Development	Director	August 2018 – present
Shenzhen Yuque Industry Development	Director	August 2018 – present
Shanghai Benhan Industry	Director	August 2018 – present
Wenzhou Kaixuan Real Estate	Director	August 2018 – present
Wenzhou Yinze Real Estate	Director	August 2018 – present
Chongqing Rongque Real Estate	Director	September 2018 – present
Shanghai Hanque Industry	Director	September 2018 – present
Shaanxi Kaihan Property	Director	September 2018 – present
Shaanxi Kaiwang Property	Director	September 2018 – present
Xuzhou Hankai Real Estate	Director	September 2018 – present

Independent Non-executive Directors

Mr. Gu Jiong (顧炯), aged 46, was appointed as our independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of our Group.

From July 1995 to April 2004, Mr. Gu was with Ernst & Young Shanghai office and was the senior manager of audit department when he left the firm. From April 2004 to December 2009, he successively worked in UTStarcom Telecom Co., Ltd. and its holding company, UTStarcom Inc., a company listed on Nasdaq (stock code: UTSI) and a global telecom infrastructure provider specialized in the provision of packet optical transport and broadband access products to network operators, where he was responsible for accounting and financial matters of this company. He was the financial controller when he left UTStarcom Inc. in December 2009. From January 2010 to August 2013, Mr. Gu served as the chief financial officer of BesTV New Media Co., Ltd., a company listed on the Shanghai Stock Exchange (stock code: 600637) (currently known as Oriental Pearly Media Co., Ltd. (東方明珠新媒體股份有限公司)) and principally engaged in the provision of technical services, content services and marketing services for television terminals, computer terminals and mobile terminals through media source platforms, where he was responsible for the financial matters of this company. Since September 2013 and October 2015, Mr. Gu has been the chief financial officer of CMC Capital Partners (華人文化產業投資基金), an investment fund specializing in media and entertainment investments in the PRC and globally, and CMC Holdings Limited (華人文化有限責任公司), an investment platform focused on media and entertainment investments, respectively, where he has been responsible for corporate strategy and overall financial management in the operation of these companies. Mr. Gu has also been an independent non-executive director of Ascletis Pharma Inc. (stock code: 1672) since August 2018, Xinming China Holdings Limited (stock code: 2699) and Chen Xing Development Holdings Limited (stock code: 2286) since July 2015, all of which are listed on the Stock Exchange. Mr. Gu was a non-executive director and has been an alternate director to Hui To Thomas of Shaw Brothers Holdings Limited (stock code: 953), a company listed on the Stock Exchange from January 2016 to October 2016 and since October 2016, respectively.

Mr. Gu obtained a bachelor's degree in financial management from Fudan University (復旦大學) in Shanghai, the PRC in July 1995. He has been a non-practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since April 2004.

Mr. Sun Bing (孫冰), aged 43, was appointed as our independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Sun has over 17 years of experience in auditing matters. Since September 2000, Mr. Sun has been the partner of BDO China SHU LUN PAN Certified Public Account LLP (立信會計師事務所(特殊普通合夥)), and has been primarily responsible for coordinating and organizing the implementation of corporate audit matters and audit reports. From March 2017 to June 2018, Mr. Sun has been an independent director of Shanghai Jingwei (Group) Co., Ltd. (上海經緯(集團)有限公司), a company primarily engaged in asset management, investment management and corporate consulting services, where he was responsible for providing independent advice to this company.

Mr. Sun obtained a bachelor's degree from the University of Shanghai for Science and Technology (上海理工大學) in Shanghai, the PRC with a major in accounting and a minor in computer application in July 1997. He also obtained a master of professional accountancy from The Chinese University of Hong Kong in Hong Kong in December 2011. Mr. Sun registered as a certified public accountant with the Shanghai Institute of Certified Public Accountants (上海市註冊會計師協會) in December 1999.

Mr. Fok Ho Yin Thomas (霍浩然), aged 47, was appointed as our independent non-executive Director on September 10, 2018 and is primarily responsible for providing independent advice on the operations and management of our Group. Mr. Fok has over 15 years of experience in the field of corporate finance specializing in equity financing and financial restructuring. From May 2000 to March 2002, Mr. Fok had worked in the Listing Division of the Stock Exchange. From November 2004 to June 2007, Mr. Fok was the managing director of Chief Finance Limited (卓思財務有限公司), a financing company primarily engaged in money lending business, where he was responsible for the development and execution of financial restructuring plans, evaluation of properties and assets and approval of financing matters relating to public companies. From September 2007 to July 2016, Mr. Fok was an executive director, the chief financial officer and the company secretary of Jian ePayment Systems Limited (華普智通系統有限公司), a company listed on the Stock Exchange (stock code 8165), where he was responsible for corporate finance activities and overseeing the finance and corporate secretarial function of this listed company. Since August 2012, Mr. Fok has been the chief executive officer of Million Wealth Capital Investment Limited (寶萬創富有限公司), a financing company, where he was responsible for strategic planning and general operation. In addition, Mr. Fok currently holds directorship in the following listed companies:

Name of entity	Place of listing and stock code	Position	Period of time
China Smarter Energy Group Holdings Limited (中國智慧能源集團控股有限公司)	Stock Exchange (stock code:1004)	Independent non-executive director	August 2007 – present
Landing International Development Limited (藍鼎國際發展有限公司) . .	Stock Exchange (stock code:582)	Independent non-executive director	June 2010 – present
SFund International Holdings Limited (廣州基金國際控股有限公司)	Stock Exchange (stock code:1367)	Independent non-executive director	November 2016 – present

Mr. Fok obtained his bachelor's degree in accountancy and management studies from University of Wollongong in Wollongong, Australia in May 1995. He has been a certified practicing accountant of CPA Australia since July 1998 and an associate of the Hong Kong Institute of Certified Public Accountants since May 1999, respectively. He has also been a chartered financial analyst conferred by the Chartered Financial Analyst Institute since September 2001.

For details of our Directors' respective interests or short positions (if any) in our Shares, particulars of our Directors' service agreements and Directors' remuneration, please see "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders" in Appendix V to this prospectus.

Save as disclosed above, none of our Directors has any other directorships in listed companies during the three years immediately prior to the date of this prospectus.

Save as disclosed in this prospectus, each of our Directors has confirmed that there are no other matters relating to his appointment as a Director that need to be brought to the attention of our Shareholders and there is no other information in relation to his/her appointment which is required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

SENIOR MANAGEMENT

Our senior management is responsible for the day-to-day management and operation of our business.

For details of **Mr. Liao Lujiang (廖魯江)**, please see "– Board of Directors – Executive Directors" in this section.

Mr. Ge Lv (葛律), aged 34, was appointed as our vice president on April 4, 2018. He is a cousin of Mr. Ge Yiyang, who is our executive Director and chairman of the Board, the son of Mr. Ge Heming and a nephew of Mr. Ge Hekai. Mr. Ge Hekai and Mr. Ge Heming are our Controlling Shareholders. Mr. Ge Lv is primarily responsible for our Group's real estate development projects located in Nanjing, Jiangsu Province, and in charge of the commercial and branding center of the Group. He joined our Group as the assistant to the general manager of Shanghai Dafa in March 2007. From September 2009 to March 2015, Mr. Ge was the general manager of Nanjing Wisdom Warden. From February 2014 to March 2015, Mr. Ge was the director of the commercial center of the Group. From April 2015 to March 2016, Mr. Ge was the assistant president of the Group. Since April 2016, Mr. Ge has been the vice president of the Group. Mr. Ge has over ten years of experience in the PRC real estate industry. In addition, Mr. Ge currently holds directorship or senior management position in the following subsidiaries of our Company:

Name of subsidiary	Position	Period of time
Nanjing Kaize Investment	Director, general manager	April 2018 – present
Nanjing Kaizhou Real Estate	Director, general manager	April 2018 – present
Nanjing Kaihong Real Estate	Director, general manager	April 2018 – present
Nanjing Kairun Real Estate	Director, general manager	April 2018 – present
Nanjing Kaixuan Real Estate	General Manager	April 2018 – present
Nanjing Qicheng Real Estate	Director, general manager	April 2018 – present
Nanjing Qiyin Real Estate	Director	May 2018 – present
Nanjing Xuanyin Real Estate	Director	May 2018 – present
Nanjing Yinke Real Estate	Director, general manager	May 2018 – present
Nanjing Qike Real Estate	Director, general manager	May 2018 – present
Pizhou Yinyi Real Estate	Director	May 2018 – present
Jurong Xuanyin Real Estate	Director	June 2018 – present
Sheyang Yuque Real Estate	Director, general manager	June 2018 – present

Mr. Ge obtained his bachelor's degree in business management and computer science from Aston University in the U.K., in July 2006. He also obtained his executive master business administration degree from Cheung Kong Graduate School of Business in September 2017.

Mr. Lu Ling (陸苓), aged 41, was appointed as our marketing director on April 4, 2018 and is primarily responsible for marketing of our Group. Mr. Lu has over 8 years of experience in the PRC real estate industry. He joined our Group as the marketing manager of Anqing Kairun Property Development in October 2009 and was promoted as the marking director of Anqing Kairun Property Development in December 2012. Since November 2014, Mr. Lu has been the general manager of the marketing center of Shanghai Dafa.

Mr. Lu obtained a diploma in accounting from Shanghai Lixin College of Accounting (上海立信會計學院) (currently known as Shanghai Lixin University of Accounting and Finance (上海立信會計金融學院)) in Shanghai, the PRC, in July 2002 through part-time learning. Mr. Lu obtained the qualification as a real estate agent granted by Shanghai Municipal Human Resources and Social Security Bureau (上海市人力資源和社會保障局) in January 2010.

Mr. Shen Jian (沈劍), aged 37, was appointed as the person-in-charge for the project companies in Shanghai on April 4, 2018 and is primarily responsible for our Group's real estate development projects located in Shanghai. Mr. Shen has over 16 years of experience in the PRC real estate industry. He joined Dafa Group as a staff member in project development department in February 2000. In August 2008, he was promoted as the general manager of Anqing Kairun Property Development. From June 2013 to September 2015, Mr. Shen was the director of the operation center of Shanghai Dafa. From October 2015 to November 2016, Mr. Shen served as the general manager of Wenzhou Kairun Real Estate. Since November 2016 and November 2017, Mr. Shen has been the general manager of Shanghai Yinyi Real Estate and Shanghai Kaiyang Real Estate, respectively. On May 4, 2018, Mr. Shen was appointed as executive director and general manager of Shanghai Kaiyang Industry. Since September 16, 2018, Mr. Shen has been the general manager of Xuzhou Hankai Real Estate.

Mr. Shen obtained a diploma in industrial and civil construction from Zhejiang University of Technology (浙江工業大學) in Zhejiang Province, the PRC in June 2005. He also obtained his bachelor's degree in civil engineering from Shandong University (山東大學) in Shandong Province, the PRC in January 2017 through long distance learning courses.

Mr. Kong Guisheng (孔貴生), aged 50, was appointed as the person-in-charge for the project companies in Anqing on April 4, 2018 and is primarily responsible for our Group's real estate development projects located in Anqing, Anhui Province. Mr. Kong has over 18 years of experience in the PRC real estate industry. He joined our Group in September 2001 and was the manager of the engineering department of Shanghai Dafa till March 2012. Before joining our Group, Mr. Kong was the manager of the engineering department of Dafa Group and was responsible for engineering management from July 1999 to September 2001. In addition, Mr. Kong currently holds directorships or senior management positions in the following subsidiaries of our Company:

Name of subsidiary	Position	Period of time
Anqing Kairun Property Development	Director	March 2018 – present
	General Manager	April 2012 – present
Anqing Yinyi Real Estate.	Chairman	April 2018 – present
	General Manager	August 2017 – present
Hefei Kairun Property Development	General Manager	May 2018 – present
Hefei Yuque Property Development	General Manager	June 2018 – present
Hefei Rongque Property Development	General Manager	June 2018 – present
Hefei Jiufa Property Development	General Manager	June 2018 – present

Mr. Kong obtained a master's degree in international real estate from The Hong Kong Polytechnic University in October 2012. He obtained the qualification as an engineer granted by Anqing Municipal Commission of Urban-Rural Development (安慶市城鄉建設委員會) and Anqing Municipal Human Resources and Social Security Bureau (安慶市人力資源和社會保障局) in August 2013.

Mr. Duan Xiaosu (段曉素), aged 47, was appointed as the person-in-charge for the project companies in Wenzhou on April 4, 2018 and is primarily responsible for our Group's real estate development projects located in Wenzhou, Zhejiang Province. Mr. Duan has over 11 years of experience in the PRC real estate industry. Mr. Duan joined our Group in September 2007 and was a deputy general manager of Nanjing Kairun Real Estate till September 2013. From October 2013 to October 2016, Mr. Duan was a deputy general manager of Wenzhou Kairun Real Estate. Mr. Duan currently holds directorship or other key roles in various subsidiaries of our Company, including those set out below:

Name of subsidiary	Position	Period of time
Wenzhou Guiyin Real Estate	General manager	February 2017 – present
Wenzhou Kairun Real Estate	General manager	March 2017 – present
Wenzhou Kaize Real Estate	Director	September 2017 – present
	General manager	March 2017 – present
Changxing Yinyi Real Estate	Chairman, general manager	May 2018 – present
Wenzhou Yinyi Real Estate	General manager	June 2017 – present
Wenzhou Hehong Real Estate	Director, general manager	June 2018 – present
Wenzhou Xuanyin Real Estate	Director, general manager	June 2018 – present
Wenzhou Kaixuan Real Estate	General Manager	August 2018 – present
Wenzhou Yinze Real Estate	General Manager	August 2018 – present

From August 1999 to February 2004, Mr. Duan was with Dafa Group and successively served as the manager of the engineering department and a deputy general manager, where he was responsible for project management and corporate governance.

Mr. Duan obtained a diploma in architectural engineering from Huangshi College (黃石高等專科學校) (currently known as Hubei Polytechnic University (湖北理工學院)) in Hubei Province, the PRC in June 1995. He also obtained a bachelor's degree (correspondence course) in civil engineering from Zhejiang University of Technology (浙江工業大學) in Zhejiang Province, the PRC in July 2003.

Mr. Duan Xiaosu was a supervisor of Nanjing Kaixuanrun Construction Materials Co., Ltd. (南京凱泫潤建材有限公司) ("**Nanjing Kaixuanrun**"), a limited liability company established in the PRC on September 8, 2011, which had no operation during the period of its existence. The business license of Nanjing Kaixuanrun was revoked in February 2014. As confirmed by Mr. Duan, the business license of Nanjing Kaixuanrun was being revoked as it did not complete its annual inspection in 2012. The management team of Nanjing Kaixuanrun was responsible for annual inspection of this company and Mr. Duan, as a supervisor of this company had not been involved in this procedure. Mr. Duan confirmed that there was no wrongful act on his part leading to the revocation of the business license of Nanjing Kaixuanrun, and that save as disclosed above, no misconduct or misfeasance had been involved in the revocation of the business license of this company.

To the best of the knowledge, information and belief of our Directors, having made all reasonable enquiries, save as disclosed above, none of the above members of senior management has been a director of any public company the securities of which are listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this prospectus.

JOINT COMPANY SECRETARIES

Mr. Yang Yongwu (楊永武) and **Ms. So Shuk Yi Betty (蘇淑儀)** are the joint company secretaries of our Company.

For details of Mr. Yang Yongwu, please see sub-section headed "– Executive Directors" in this section.

Ms. So Shuk Yi Betty (蘇淑儀), is one of our joint company secretaries. Ms. So currently serves as a vice president of SWCS Corporate Services Group (Hong Kong) Limited, a professional services provider specializing in corporate services, and has over 20 years of experience in the corporate secretarial field.

Ms. So received a Master of Laws degree in Chinese and Comparative Law from the City University of Hong Kong and a Master of Business Administration degree from the University of Leicester in the United Kingdom in November 2004 and July 1999, respectively. Ms. So has been an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries since October 1997.

AUDIT COMMITTEE

We have established an audit committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our financial reporting process and internal control system of our Group, oversee the audit process, provide advice and comments to our Board and perform other duties and responsibilities as may be assigned by our Board.

The audit committee consists of three members, namely Mr. Fok Ho Yin Thomas, Mr. Sun Bing and Mr. Gu Jiong. The chairman of the audit committee is Mr. Fok Ho Yin Thomas, who is the independent non-executive Director with the appropriate accounting and related financial management expertise.

REMUNERATION COMMITTEE

We have established a remuneration committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the remuneration committee are to establish, review and make recommendations to our Directors on our policy and structure concerning remuneration of our Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, determine the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives.

The remuneration committee consists of five members, namely Mr. Sun Bing, Mr. Fok Ho Yin Thomas, Mr. Gu Jiong, Mr. Liao Lujiang and Mr. Yang Yongwu. The chairman of the remuneration committee is Mr. Sun Bing.

NOMINATION COMMITTEE

We have established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing Rules. The primary duties of the nomination committee are to review the structure, size and composition of our Board on a regular basis and make recommendations to the Board regarding any proposed changes to the composition of our Board, identify, select or make recommendations to our Board on the selection of individuals nominated for directorship, and ensuring the diversity of our Board members, assess the independence of our independent non-executive Directors and make recommendations to our Board on relevant matters relating to the appointment, reappointment and removal of our Directors and succession planning for our Directors.

The nomination committee consists of five members, namely Mr. Ge Yiyang, Mr. Yang Yongwu, Mr. Fok Ho Yin Thomas, Mr. Sun Bing and Mr. Gu Jiong. The chairman of the nomination committee is Mr. Ge Yiyang.

COMPENSATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and members of our senior management receive compensation from our Company in the form of salaries, bonuses and other benefits in kind such as contributions to pension plans.

We incurred expenses in relation to remuneration (including fees, salaries, contributions to pension schemes and social welfare, discretionary bonuses, housing and other allowances and other benefits in kind) for our Directors in aggregate for the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018 of approximately RMB2,543,000, RMB2,930,000, RMB2,802,000 and RMB1,310,000, respectively.

We incurred expenses in relation to remuneration (including fees, salaries, contributions to pension schemes and social welfare, discretionary bonuses, housing and other allowances and other benefits in kind) for our Group's five highest paid individuals (including our Directors) in aggregate for the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018 of approximately RMB1,846,000, RMB1,557,000, RMB1,870,000 and RMB540,000, respectively.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

None of our Directors had waived or agreed to waive any remuneration during the Track Record Period.

Pursuant to the existing arrangements that are currently in force as of the date of this prospectus, the amount of remuneration (including benefits in kind but excluding discretionary bonuses) payable to our Directors by our Group for the year ending December 31, 2018 is estimated to be approximately RMB2,000,000 in aggregate.

To incentivize our Directors, senior management and employees, our Company has adopted the Share Option Scheme on September 10, 2018. Please see "Statutory and General Information – D. Other Information – 1. Share Option Scheme" for further details.

Our Board will review and determine the remuneration and compensation packages of our Directors and senior management and will, following the Listing, receive recommendation from the Remuneration Committee which will take into account salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group.

Save as disclosed in this prospectus, no other payments had been made, or are payable, by any member of our Group to our Directors during the Track Record Period.

For additional information on our Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to Notes 9 and 10 in the Accountants' Report set out in Appendix I to this prospectus.

WAIVERS GRANTED BY THE STOCK EXCHANGE

Management presence

We have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see "Waivers from Strict Compliance with the Listing Rules – Management Presence in Hong Kong."

Joint company secretaries

We have also applied to the Stock Exchange for, and the Stock Exchange has agreed to grant a waiver from strict compliance with the requirements under Rule 3.28 and Rule 8.17 of the Listing Rules in relation to the qualification of joint company secretaries. For details of the waiver, please see "Waivers from Strict Compliance with the Listing Rules – Appointment of Joint Company Secretaries."

BOARD DIVERSITY POLICY

In order to enhance the effectiveness of our Board and to maintain the high standard of corporate governance, we have adopted the board diversity policy which sets out the objective and approach to achieve and maintain diversity of our Board. Pursuant to the board diversity policy, we seek to achieve Board diversity through the consideration of a number of factors when selecting the candidates to our Board, including but not limited to gender, skills, age, professional experience, knowledge, cultural, education background, ethnicity and length of service. The ultimate decision of the appointment will be based on merit and the contribution which the selected candidates will bring to our Board.

Our Directors have a balanced mix of knowledge and skills, including overall management and strategic development, human resources, information technology, accounting and financial management, risk management, corporate governance and evaluation of properties and assets. They obtained degrees in various majors including business administration, computer science, public administration, architectural engineering, international real estate, accounting and financial management. We have three independent non-executive Directors with different industry backgrounds, representing more than one third of the members of our Board. Furthermore, our Board has a wide range of age, ranging from 34 years old to 51 years old. Taking into account our existing business model and specific needs as well as the different background of our directors, the composition of our Board satisfies our board diversity policy.

Our nomination committee is responsible for ensuring the diversity of our Board members. After the Listing, our nomination committee will review the board diversity policy from time to time to ensure its continued effectiveness and we will disclose in our corporate governance report about the implementation of the board diversity policy on an annual basis.

COMPLIANCE ADVISOR

Our Company has appointed First Shanghai Capital Limited as its compliance advisor pursuant to Rule 3A.19 of the Listing Rules.

The material terms of the compliance advisor's agreement entered into between our Company and the compliance advisor are as follows:

(1) the compliance advisor shall provide our Company with services including guidance and advice as to compliance with the requirement of the Listing Rules and other applicable laws, rules, codes and guidelines, and accompany our Company to any meetings with the Stock Exchange;

(2) our Company may terminate the appointment of the compliance advisor by giving a 30 days' prior written notice to the compliance advisor. Our Company will exercise such right in compliance with Rule 3A.26 of the Listing Rules. The compliance advisor will have the right to terminate its appointment as compliance advisor under certain specific circumstances and upon notification of the reason of its resignation to the Stock Exchange; and

(3) during the period of appointment, our Company must consult with, and if necessary, seek advice from the compliance advisor on a timely basis in the following circumstances:

  (a) before the publication of any regulatory announcement, circular or financial report;

  (b) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

  (c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results materially deviate from any forecast, estimate, or other information in this prospectus; and

  (d) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of our Shares.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date.

So far as our Directors are aware, immediately following the completion of the Capitalization Issue and the Global Offering, the following persons will have or be deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is fully exercised)	
		Number	Percentage	Number	Percentage	Number	Percentage
He Hong	Beneficial interest Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Splendid Sun . . .	Beneficial interest Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Mr. Ge Hekai . . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Ms. Zhu Lan (朱嵐).	Interest of spouse[(2)]	200	100%	600,000,000	75%	600,000,000	72.3%
Glorious Villa . . .	Beneficial interest Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Mr. Ge Yiyang . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Ms. Yang Yaqi (楊雅淇)	Interest of spouse[(3)]	200	100%	600,000,000	75%	600,000,000	72.3%
Shade (BVI) . . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Ms. Jin Linyin . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Sound Limited . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%

Name of Shareholder	Nature of interest	Shares held as of the Latest Practicable Date		Shares held immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is not exercised)		Shares held immediately following the completion of the Capitalization Issue and the Global Offering (assuming the Over-allotment Option is fully exercised)	
		Number	Percentage	Number	Percentage	Number	Percentage
Mr. Ge Heming . .	Interest of controlled corporation Interest of concert parties[(1)]	200	100%	600,000,000	75%	600,000,000	72.3%
Ms. Wu Xiaolin (吳筱林)	Interest of spouse[(4)]	200	100%	600,000,000	75%	600,000,000	72.3%

Notes:

(1) Pursuant to the Deed of Act-in-concert, each of the Ultimate Controlling Shareholders had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group, and they have confirmed that they have historically voted on such resolutions in the same way since January 1, 2015 or the date when they became interested in any member of our Group, whichever is earlier.

As such, each of the Ultimate Controlling Shareholders together with their respective holding companies (being Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong) are all deemed to be interested in the total Shares directly and indirectly held by Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong.

(2) Ms. Zhu Lan (朱嵐), the spouse of Mr. Ge Hekai, is deemed to be interested in Mr. Ge Hekai's interest in our Company by virtue of the SFO.

(3) Ms. Yang Yaqi (楊雅淇), the spouse of Mr. Ge Yiyang, is deemed to be interested in Mr. Yiyang's interest in our Company by virtue of the SFO.

(4) Ms. Wu Xiaolin (吳筱林), the spouse of Mr. Ge Heming, is deemed to be interested in Mr. Ge Heming's interest in our Company by virtue of the SFO.

Save as disclosed above and in the section "Statutory and General Information – C. Further Information about our Directors and Substantial Shareholders – 2. Substantial Shareholders" in Appendix V to this prospectus, our Directors are not aware of any person who will, immediately following the completion of the Capitalization Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, have an interest or short position in the Shares or underlying Shares which will be required to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company in issue and to be issued as fully paid or credited as fully paid immediately prior to and following the completion of the Capitalization Issue and the Global Offering:

Authorized Share Capital

Shares	Nominal Value	Total Nominal value
10,000,000,000	HK$0.001	HK$10,000,000

Issued and to be Issued, Fully Paid or Credited as Fully Paid:

Shares	Description	Total nominal value
200	Shares in issue as of the Latest Practicable Date	HK$0.2
599,999,800	Shares to be issued pursuant to the Capitalization Issue	HK$599,999.8
200,000,000	Shares to be issued pursuant to the Global Offering	HK$200,000
800,000,000	**Total**	HK$800,000

ASSUMPTION

The above table assumes that the Global Offering has become unconditional. It takes no account of any Shares which may be repurchased by us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below or otherwise.

RANKING

The Shares are ordinary shares in the share capital of our Company and rank pari passu in all respects with all Shares currently in issue or to be issued and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus.

SHARE OPTION SCHEME

We have adopted the Share Option Scheme. For the principal terms of the Share Option Scheme, please see "Appendix V – Statutory and General Information – D. Other Information – 1. Share Option Scheme."

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares.

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, our Company may from time to time by shareholders' ordinary resolution (i) increase its capital, (ii) consolidate and divide its capital into Shares of larger amount, (iii) divide its Shares into classes, (iv) subdivide its Shares into Shares of smaller amount and (v) cancel any Shares which have not been taken. In addition, our Company may reduce its share capital by shareholders' special resolution. For more details, please see "Appendix IV – Summary of the Constitution of our Company and Cayman Companies Law – 2. Articles of Association – Alteration of capital."

Pursuant to the Cayman Companies Law and the terms of the Memorandum of Association and the Articles of Association, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated, either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of our Shares of that class. For more details, please see "Appendix IV – Summary of the Constitution of our Company and Cayman Companies Law."

GENERAL MANDATE TO ISSUE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares, securities convertible into Shares (the "**Convertible Securities**") or options, warrants or similar rights to subscribe for any Shares or such convertible securities (the "**Options and Warrants**") and to make or grant offers, agreements or options which might require such Shares, the Convertible Securities or the Options and Warrants to be allotted and issued or dealt with at any time subject to the requirement that the aggregate number of the Shares or the underlying Shares relating to the Convertible Securities or the Options and Warrants so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the aggregate of:

(i) 20% of the number of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering; and

(ii) the number of the Shares repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover (i) any Shares to be allotted, issued, or dealt with under a rights issue or scrip dividend scheme or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, a specific authority granted by our Shareholders in a general meeting or upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme and (ii) any warrants, options or similar rights to subscribe for (a) any new Shares or (b) any securities convertible into new Shares, for cash consideration.

This general mandate to issue Shares, Convertible Securities or Options and Warrants will remain in effect until:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see "Appendix V – Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on September 10, 2018."

GENERAL MANDATE TO REPURCHASE SHARES

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate number of not more than 10% of the aggregate number of the Shares in issue immediately following the Capitalization Issue and the completion of the Global Offering (excluding any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme).

This general mandate relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and regulations and the requirements of the Listing Rules. For a summary of the relevant Listing Rules, please see "Appendix V – Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on September 10, 2018."

This general mandate to repurchase Shares will remain in effect until:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied, revoked or renewed by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please see "Appendix V – Statutory and General Information – A. Further Information about our Company and our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on September 10, 2018."

You should read the following discussion and analysis of our financial condition and results of operations in conjunction with our consolidated financial information as of and for the years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2018 together with the notes thereto, as set forth in Appendix I to this prospectus. Our consolidated financial information has been prepared in accordance with IFRS, which may differ in material respects from generally accepted accounting principles in other jurisdictions.

Our historical results do not necessarily indicate results expected for the future. The following discussion and analysis contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those described in the sections entitled "Risk Factors" and "Business."

OVERVIEW

We are an expanding real estate developer in the Yangtze River Delta Region focusing on the development and sales of residential properties. Headquartered in Shanghai, we have an active presence in the Yangtze River Delta Region. During the Track Record Period and up to June 30, 2018, we had a diverse portfolio of 29 projects consisting of 24 residential properties, four commercial complexes and one office floor. Of all the aforementioned projects, five projects are located in Shanghai, 24 projects are located in Jiangsu, Anhui and Zhejiang provinces.

As of June 30, 2018, we had land reserves with a total GFA of 2,238,827.22 sq.m., including (i) completed properties with a total saleable unsold GFA of 249,781.71 sq.m. and a total rentable GFA of 68,468.84 sq.m., accounting for 14.2% of our total land reserves, (ii) properties under development with a total planned GFA of 1,293,586.94 sq.m., accounting for 57.8% of our total land reserves and (iii) properties held for future development with a total planned GFA of 626,989.73 sq.m., accounting for 28.0% of our total land reserves.

During the Track Record Period, our business operations consisted of (i) property development and sales, (ii) commercial property investment and operations and (iii) property management services. We derive our revenue principally from the sales of properties we developed. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue generated from property development and sales was RMB615.8 million, RMB623.7 million, RMB4,476.6 million, RMB58.3 million and RMB854.6 million, respectively.

In line with our business strategy, we own and operate certain commercial properties we developed or purchased. These commercial properties include shopping malls and other retail spaces. We hold these commercial properties for long-term investment and capital appreciation purposes and lease them to generate rental income. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue generated from commercial property investment and operations amounted to RMB66.7 million, RMB73.7 million, RMB85.0 million, RMB27.2 million and RMB21.9 million, respectively. During the Track Record Period, we also generated a portion of our revenue from property management services. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue generated from property management services amounted to RMB6.5 million, RMB7.3 million, RMB 8.0 million, RMB2.5 million and RMB1.5 million, respectively.

BASIS OF PRESENTATION

We became the holding company of the companies now comprising the Group on April 13, 2018. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, the financial information of the Group has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss, statements of comprehensive income, statements of financial position, statements of changes in equity and statements of cash flows of the Group for the Track Record Period include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as of December 31, 2015, 2016, 2017 and April 30, 2018 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization. Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group transactions and balances have been eliminated on combination in full.

The Group's historical financial information has been prepared in accordance with IFRS issued by International Accounting Standard Board. Except for IFRS 9 Financial Instruments, all IFRSs effective for the accounting period commencing from January 1, 2018, including IFRS 15 *Revenue from Contracts with Customers*, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the historical financial information throughout the Track Record Period. The Group has applied IFRS 9, effective for the periods beginning on or after January 1, 2018. The Group has not restated financial information from January 1, 2015 to December 31, 2017 for financial instruments in the scope of IFRS 9. The financial information from January 1, 2015 to December 31, 2017 is reported under IAS 39 and is not comparable to the information presented for the four months ended April 30, 2018. Differences arising from the adoption of IFRS 9 have been recognized directly in opening balance of reserves as of January 1, 2018. For details, see Notes 2.2, 2.4 and 4 of the Accountants' Report in Appendix I attached to this prospectus.

IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarification to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after January 1, 2018, have been adopted by the Company in the preparation of its financial statements throughout the Track Record Period. The Group has performed an assessment on the impact of the adoption of IFRS 15 including the assessment on: (i) timing of revenue recognition; (ii) sales commission; and (iii) financing component for sale of completed properties compared with the requirements of IAS 18 *Revenue*. The Group is of the view that the application of IFRS 15 does not have any impact on: (i) timing of revenue recognition; and (ii) sales commission, and that its impact on the Group's reserves through its effect on the financing component for sale of completed properties is not material during the Track Record Period. Such impact has already been accounted for in the Group's consolidated financial statements during the Track Record Period, as the Group has adopted IFRS 15 in preparing its consolidated financial statements during the Track Record Period. IFRS 15 requires property developers to account for a financing component in a contract separately from revenue if the financing effects are significant, subject to a practical expedient condition where the period between the payment and delivery of properties will be one year or less. The amount of the significant financing component is estimated at contract inception by using a discount rate that would be reflected in a separate financing transaction between the Group and the customer reflecting the credit characteristics of the Group as well as any collateral or security provided. Interest expense is recognized only to the extent that a contract liability (receipts in advance) is recognized in accounting for the contract with the customer.

IFRS 9 *Financial Instruments* replaces IAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after January 1, 2018. The standard introduces new requirements for classification and measurement and impairment. The Group has adopted IFRS 9 from January 1, 2018.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss ("**FVPL**"), amortised cost, or fair value through other comprehensive income ("**FVOCI**"). The classification is based on two criteria: (i) the Group's business model for managing the assets; and (ii) whether the instrument's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding (the "**SPPI**" criterion).

As of January 1, 2018, the category of loans and receivables under IAS 39, including trade receivables, due from related companies, due from a shareholder, financial assets included in prepayments, deposits and other receivables, restricted cash, pledged deposits and cash and cash equivalents, were transferred to debt instruments at amortised cost under IFRS 9. Available-for-sale investments under IAS 39 were transferred to financial assets at FVPL and equity instruments at FVOCI under IFRS 9 with revaluation reserve of RMB5.7 million to the opening balance of reserves.

The adoption of IFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss ("**ECL**") approach. IFRS 9 requires the Group to record an allowance for ECLs for all loans and other debt financial assets not held at FVPL.

There was no significant impact by replacing the aggregate opening impairment allowances for loans and receivables under IAS 39 with ECLs allowances for financial assets at amortised cost under IFRS 9 as of January 1, 2018.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our business, results of operations, financial condition and prospects are affected by a number of factors, many of which are beyond our control, including those set forth below. The following should be read in conjunction with the section headed "Risk Factors" in this prospectus.

Economic growth, urbanization and demand for real estate properties in China, particularly in Shanghai and other major cities in Yangtze River Delta Region

Economic growth, urbanization and increasing purchasing power have been the main driving forces behind the increasing market demand for real estate properties in China. These factors are in turn affected by a number of macroeconomic factors, including changes in the global economy and world markets, as well as the fiscal and monetary policies of the PRC government. The paces of economic growth, urbanization and increasing purchasing power in China are expected to continue to significantly affect the number of potential property buyers and the pricing and profitability of residential properties, and, in turn, our performance and results of operations. Because we focus primarily on developing properties in Shanghai and other major cities in the Yangtze River Delta Region, developments in markets in Shanghai and other major cities in the Yangtze River Delta Region and other future target cities are especially important to our operations. If there is a downturn in the global economy, the PRC economy or in any of the property markets in which we have operations or a decrease in the pace of urbanization, our financial condition and results of operations may be materially and adversely affected. See "Risk Factors – Risks Relating to Our Business – Our business and prospects are heavily dependent on the performance of the PRC property markets, particularly in the various cities we operate and intend to operate, and therefore any potential decline in property sales or prices or demand for properties in the PRC generally, or in the major cities where our projects are located, could have a material adverse effect on our business, financial condition and results of operations."

The regulatory environment and measures affecting the property industry in China

PRC governmental policies and measures regarding property development and related industries have a direct impact on our business and results of operations. From time to time, the PRC government adjusts its macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among other things, the supply of land, pre-sales of properties, land usage, plot ratios, bank financing and taxation. In recent years, in response to rising property prices across the country, the PRC government has implemented a series of measures aimed at controlling prices in the real estate market. Various administrative bodies have introduced policies and measures to discourage speculation and impose more stringent requirements on property developers. These measures require, among other things, higher minimum down payments from purchasers, new restrictions on the purchase of properties, that a minimum portion of investment in property projects be devoted to affordable and commodity housing and increases in bank lending rates for mortgage financing. A substantial portion of our customers make down payments and rely on mortgage financing to purchase our properties. Accordingly, regulations or measures adopted by the PRC government that are intended to increase down payment requirements, restrict the ability of purchasers to obtain mortgages, limit their ability to resell their properties or increase the cost of mortgage financing may decrease market demand for our properties and adversely affect our results of operations. Measures taken by the PRC government to control the money supply, credit availability and fixed asset investment also have a direct impact on our business and results of operations. Furthermore, the PRC government may introduce initiatives which may affect our access to capital and the means by which we can finance our property development. See "Risk Factors – Risks Relating to Industry – Our operations are subject to extensive government policies and regulations and we are particularly susceptible to adverse changes in policies relating to the PRC property industry in regions in which we operate."

Furthermore, our continuing growth depends, to a significant extent, on our ability to expand into other regions and cities. We intend to further expand into other regions in the future. We may not have the same level of familiarity with local regulatory environment. If we cannot successfully leverage our experience or understand the property market in our target cities for expansion, our business, results of operations, financial condition and prospects will be adversely affected.

Land acquisition and construction costs

Our success and continuing growth will largely depend on our ability to acquire quality land at prices that can generate reasonable returns. As the Chinese economy continues to grow rapidly and demand for residential properties remains strong, competition among property developers for land is likely to continue to intensify. In recent years, land premiums have increased notably in major cities in China and in the cities in which we operate, in particular. Construction costs have also increased in recent years mainly due to increases in labor costs and costs of raw materials. Historically, we mainly acquired state-owned land use rights through public tender, auction and listing-for-sale. However, there can be no assurance that we will be able to continue to source land with favorable prices given the increasing competition for land for development. If our land acquisition costs significantly increased, we may incur substantial additional financing costs. If we cannot sell our properties at increased prices sufficient to offset increases in costs, our profitability will be adversely affected.

Access to capital and cost of financing

Bank loans, borrowings from financial institutions and trust financing are important funding sources for our property development. As of December 31, 2015, 2016, 2017 and April 30, 2018, the amount of our outstanding current and non-current bank loans was RMB3,307.0 million, RMB2,825.9 million, RMB3,974.9 million and RMB3,987.4 million, respectively. Our access to capital and cost of financing will be affected by the prevailing interest rates on bank loans, which are linked to the PBOC benchmark lending rates, the restrictions imposed by the PRC government on bank lending for property development, and the general conditions of the domestic and global capital markets.

As of April 30, 2018, we had five outstanding trust and other financing arrangements provided by trust financing companies and asset management companies. Compared with bank loans, these financing arrangements offer greater flexibility in terms of availability, despite higher financing costs than bank loans. If we are unable to enter into such trust and other financing arrangements on favorable terms in the future, or at all, our results of operations and financial condition may be materially and adversely affected.

Our total interest cost (including capitalized interest expenses) on bank loans and other borrowings amounted to RMB358.5 million, RMB366.6 million, RMB475.5 million, RMB83.8 million and RMB198.1 million for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, respectively. Any potential increase in interest rates may result in additional interest costs for us, especially in newly raised loans.

Going forward, we might look for debt financing opportunities to support our business, including the raising of funds through asset-backed securities programs, corporate bonds and other debt offerings. We might also consider other debt offering plans in the near future.

We had not made use of any P2P lending during the Track Record Period and up to the Latest Practicable Date, and we have no plan to make use of such source of financing to support our business in the future.

Timing of property development

The development of property projects requires significant time. It may take several months, years, or even longer, from the start of development to pre-sales of properties. We do not recognize revenue until properties have been sold, completed and delivered to our customers. Due to fluctuations in market demand, the revenue that we recognize in a particular period may also be affected by market conditions at the time a particular property project is pre-sold or sold. Moreover, delays in construction, regulatory approval or other processes may adversely affect the completion timetable of our projects and, therefore, our recognition of revenue from our projects.

Pre-sales of properties

Pre-sales of properties constitute one of the most important sources of our operating cash flows during our project development process. PRC laws allow us to pre-sell properties prior to their completion upon satisfaction of certain pre-conditions but requires that we use the pre-sales proceeds to finance the particular project that has been pre-sold. Please refer to the paragraphs headed "Business – Property Development and Sales Process – Sales and Marketing" in this prospectus for additional details. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including the development schedules of our projects, restrictions on pre-sales imposed by the PRC government, the availability and affordability of mortgage financing for our purchasers, market demand for our properties and the number of our properties available for pre-sale. In addition, any reduction in cash flows from the pre-sales of our properties will likely increase our reliance on external financing, which may increase our costs and may impact our ability to finance our continuing property development. Our pre-sales proceeds subsequent to the Track Record Period and up to July 31, 2018 amounted to approximately RMB2,364.1 million.

Fair value of our investment properties

Changes in the fair value of our investment properties have had, and are expected to continue to have, a substantial effect on our results of operations. Investment properties are initially measured at their fair values based on valuations performed by our independent property valuer, and subsequent gains or losses arising from changes in these fair values are recorded as fair value gains or losses on investment properties. The property valuer has used methods of valuation which involve, *inter alia*, certain estimates including current market transaction prices for comparable properties, appropriate yield rates and expected current market rents. Favorable or unfavorable changes to the assumptions would result in changes in the estimated fair value of our investment properties and corresponding adjustments to the amount of gains or losses reported in the consolidated statements of comprehensive income. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, we had fair value gains on investment properties of RMB271.0 million, RMB254.0 million, RMB58.0 million, RMB14.0 million and RMB18.8 million, respectively. The amounts of valuation adjustments are likely to continue to be significant as a result of market fluctuations and have a significant impact on our results of operations. Please refer to the section headed "Risk Factors – Risks Relating to Our Business – The fair value of our investment properties is likely to fluctuate from time to time and may decrease significantly in the future, which may materially and adversely affect our profitability."

The fair value of completed investment properties is determined by the income capitalization method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalization rate. A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the capitalization rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Quantitative sensitivity analysis shows that 10% increase (decrease) in capitalization rate would result in the decrease (increase) in fair value of by RMB137.0 million (RMB150.0 million), RMB143.0 million (RMB157.0 million), RMB145.0 million (RMB158.0 million) and RMB140.0 million (RMB153.0 million) as of December 31, 2015, 2016, 2017 and April 30, 2018, and 5% increase (decrease) in rental would result in the increase (decrease) in fair value of by RMB89.0 million (RMB92.0 million), RMB104.0 million (RMB107.0 million), RMB109.0 million (RMB110.0 million) and RMB112.0 million (RMB112.0 million) as of December 31, 2015, 2016, 2017 and April 30, 2018.

The following table demonstrates the sensitivity of the fair value of completed investment properties during the Track Record Period to hypothetical changes in rental and capitalization rate:

	Fair value of completed commercial properties							
	As of December 31,						**As of April 30,**	
Hypothetical changes in the input	**2015**		**2016**		**2017**		**2018**	
	(RMB'000, except for percentages)							
Rent								
5%	2,210,000	4.2%	2,479,000	4.4%	2,606,000	4.4%	2,622,000	4.5%
0%	2,121,000	0%	2,375,000	0%	2,497,000	0%	2,510,000	0%
-5%	2,029,000	-4.3%	2,268,000	-4.5%	2,387,000	-4.4%	2,398,000	-4.5%
Capitalization rate								
10%	1,984,000	-6.5%	2,232,000	-6%	2,352,000	-5.8%	2,370,000	-5.6%
0%	2,121,000	0%	2,375,000	0%	2,497,000	0%	2,510,000	0%
-10%	2,271,000	7.1%	2,532,000	6.6%	2,655,000	6.3%	2,663,000	6.1%

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. As of December 31, 2015, 2016, 2017 and April 30, 2018, the fair value of our completed investment properties amounted to RMB2,121.0 million, RMB2,375.0 million, RMB2,497.0 million and RMB2,510.0 million, respectively. For the three years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2017 and 2018, we recorded fair value gains on investment properties of RMB271.0 million, RMB254.0 million, RMB58.0 million, RMB14.0 million and RMB18.8 million, respectively. The fair value of each of our investment properties has fluctuated, and is likely to continue to fluctuate, in accordance with the prevailing property market conditions. Any decrease in the fair value of our investment properties will adversely affect our profitability. In addition, increases in the fair value of investment properties are unrealized and do not generate any cash inflow to us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without a corresponding improvement to our liquidity position. We cannot assure you that levels of increases in the fair value of investment properties similar to those recognized during the Track Record Period can be sustained in the future.

LAT

Our property development is subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors engaged in real estate development in China and is levied on properties sold at progressive rates ranging from 30% to 60% on the appreciation of land value. The fluctuations in the amount of LAT paid during these periods were mainly due to the delivery timetables of our projects and differences in the sales prices of the properties in its various development stages. We make provisions for LAT based on our recognized sales and in accordance with our estimates of the LAT rate which will be applicable under relevant PRC laws and regulations. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, we made LAT provisions of RMB12.6 million, RMB11.8 million, RMB81.4 million, RMB1.2 million and RMB27.0 million, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property development projects and may be different from the amounts that were initially recorded. Any such differences may impact our profits after tax and deferred tax provision in the periods in which such taxes are finalized with the relevant tax authorities. For further information on PRC regulations relating to LAT, please refer to the section headed "Regulatory Overview – Regulations on Taxation – Land Appreciation Tax" of this prospectus.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that we believe are most significant to the preparation of our consolidated financial statements. Some of our critical accounting policies involve subjective assumption and estimates, as well as complex judgments by our management relating to accounting items. Our significant accounting policies are set forth in details in Note 2.4 of the Accountants' Report included in Appendix I to this prospectus.

The estimates and associated assumptions are based on our historical experience and various other relevant factors that we believe are reasonable under the circumstances, the results of which form the basis of making judgments about matters that are not readily apparent from other sources. When reviewing our financial results, you should consider: (i) our selection of critical accounting policies, (ii) the judgment and other uncertainties affecting the application of such policies, and (iii) the sensitivity of reported results to changes in conditions and assumptions. The determination of these items requires management judgments based on information and financial data that may change in the future periods, and as a result, actual results could differ from those estimates.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services provided in the ordinary course of the Group's activities.

Sales of properties income is recognized when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance: (i) provides benefits which are received and consumed simultaneously by the purchaser, (ii) creates and enhances an asset that the purchaser controls as the Group performs, or (iii) does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the purchaser obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation. In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Rental income is recognized on a time proportion basis over the lease terms.

Property management service income is recognized when (i) the relevant services are rendered by the Group and (ii) the customers simultaneously receive and consume the benefits of such services.

Interest income is recognized, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income is recognized when the shareholders' right to receive payment has been established.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each year or the relevant period during the Track Record Period.

Gains or losses arising from changes in the fair values of investment properties are included in the statements of profit or loss in the year or the relevant period in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in the statements of profit or loss in the year or the relevant period of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in the statements of profit or loss.

Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognized when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate. All financial liabilities are recognized initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent Measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in profit or loss when the liabilities are derecognized, and through the amortization process.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognized in the statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance costs in the statement of profit or loss.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Income Tax

Income tax comprises current and deferred tax. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss, either in other comprehensive income or directly in equity. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the Track Record Period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates. Deferred tax is provided, using the liability method, on all temporary differences at the end of each year during the Track Record Period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilized, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each year during the Track Record Period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each year during the Track Record Period and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each year during the Track Record Period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Estimate of Fair Value of Investment Properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each year or relevant period during the Track Record Period. The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalization rates and expected profit margin.

RESULTS OF OPERATIONS

The following tables set forth a summary of our consolidated results of operations for the periods indicated. Our historical results presented below are not necessarily indicative of the results that may be expected for any future period.

	For The Years Ended December 31,			For The Four Months Ended April 30,	
Consolidated statements of profit or loss	**2015**	**2016**	**2017**	**2017**	**2018**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**	*(RMB'000)*
REVENUE	**688,995**	**704,646**	**4,569,636**	**88,046**	**877,975**
Cost of sales	(581,287)	(585,489)	(3,912,355)	(61,746)	(613,472)
GROSS PROFIT	**107,708**	**119,157**	**657,281**	**26,300**	**264,503**
Finance income	15,783	8,437	9,344	2,089	5,522
Other income and gains	1,646	2,103	2,958	619	30,860
Selling and distribution expenses	(55,900)	(71,194)	(94,293)	(23,865)	(37,472)
Administrative expenses	(89,002)	(105,046)	(133,925)	(34,613)	(70,310)
Other expenses	(824)	(6,212)	(27,580)	(1,400)	(298)
Fair value gains on investment properties	271,000	254,000	58,000	14,000	18,847
Finance costs	(101,855)	(114,562)	(133,650)	(50,651)	(58,840)
Share of loss of an associate	–	(1,583)	(2,607)	(900)	(844)
PROFIT/(LOSS) BEFORE TAX	**148,556**	**85,100**	**335,528**	**(68,421)**	**151,968**
Income tax (expense)/credit	(95,138)	(63,245)	(191,364)	3,666	(74,414)
PROFIT/(LOSS) FOR THE YEAR/PERIOD	**53,418**	**21,855**	**144,164**	**(64,755)**	**77,554**
Attributable to:					
Owners of the parent	58,380	24,723	137,495	(63,974)	78,655
Non-controlling interests	(4,962)	(2,868)	6,669	(781)	(1,101)
	53,418	21,855	144,164	(64,755)	77,554
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	N/A	N/A	N/A	N/A	N/A

DESCRIPTION OF SELECTED LINE ITEMS OF STATEMENTS OF PROFIT OR LOSS

Revenue

During the Track Record Period, we derived our revenue primarily from property development and sales, commercial property investment and operations and property management services. The following table sets forth our revenue by business line for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total	Amount	% of Total
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)* (Unaudited)	*(%)*	*(RMB'000)*	*(%)*
Revenue										
Property development and sales	615,760	89.4	623,671	88.5	4,476,569	98.0	58,336	66.3	854,627	97.3
Commercial property investment and operations	66,729	9.7	73,675	10.5	85,044	1.9	27,228	30.9	21,869	2.5
Property management services	6,506	0.9	7,300	1.0	8,023	0.2	2,482	2.8	1,479	0.2
Total	**688,995**	**100.0**	**704,646**	**100.0**	**4,569,636**	**100.0**	**88,046**	**100.0**	**877,975**	**100.0**

Property development and sales

Revenue from property development and sales is recognized only after properties have been sold to purchasers and after satisfying the requirements for delivery as stipulated in the sale and purchase agreements. Revenue from property development and sales has constituted, and is expected to constitute, a substantial majority of our total revenue.

Consistent with industry practice, we typically enter into sales contracts with purchasers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. See "Business – Property Development and Sales Process – Sales and Marketing." Before the criteria for the recognition of sales of properties are met, payments received from purchasers are recorded as "contract liabilities" under "current liabilities" in our consolidated financial statements.

There is a time difference between the pre-sales of properties in projects under development and the completion of construction. Because the timing of completion of our properties varies according to the construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold, and the timing between pre-sales and completion and delivery of the properties to purchasers. Periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate a correspondingly high level of revenue if the properties pre-sold are not completed and delivered within the same period. As a result, our revenue from property development and sales may fluctuate due to factors such as the schedule of our property development and the timing of property sales.

The following table sets forth a breakdown of our revenue recognized from property development and sales by geographic regions, the aggregate GFA delivered, the recognized ASP per sq.m. for the periods indicated.

	For The Year Ended December 31,									For The Four Months Ended April 30,					
	2015			2016			2017			2017			2018		
	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP	GFA Delivered	Recognized Revenue	Recognized ASP
	(sq.m.)	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*	*(sq.m.)*	*(RMB'000)*	*(RMB/ sq.m.)*
Shanghai	90	1,318	14,642	120	1,929	16,071	42,887	1,173,319	27,358	90	805	8,948	22,045	742,818	33,696
Nanjing	5,367	71,667	13,352	3,121	60,730	19,459	44,893	1,191,520	26,541	–	–	–	1,139	31,016	27,226
Wenzhou	–	–	–	–	–	–	104,087	1,618,345	15,548	–	–	–	1,625	29,517	18,165
Anqing	138,521	542,775	3,918	131,957	561,012	4,251	124,942	493,385	3,949	14,601	57,531	3,940	12,450	51,276	4,119
Total	**143,978**	**615,760**	**4,277**	**135,198**	**623,671**	**4,613**	**316,809**	**4,476,569**	**14,130**	**14,691**	**58,336**	**3,971**	**37,259**	**854,627**	**22,937**

Commercial property investment and operations

We also generate rental income from our lease of commercial properties and office space. Our commercial properties include shopping centers and other retail spaces. We hold these commercial properties for capital appreciation and lease them to generate rental income. As of April 30, 2018, we held a total of four completed properties as investment properties which had an aggregate rentable GFA of 53,200.20 sq.m..

The following table sets forth a breakdown of the revenue generated by our commercial properties by project for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties	Revenue	% of total revenue from the investment properties
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* (Unaudited)	*%*	*(RMB'000)*	*%*
Shanghai Kai Hong Plaza	30,007	45.0	30,802	41.8	32,344	38.0	11,266	41.4	6,726	30.8
Nanjing IST Mall	35,019	52.5	40,995	55.6	50,472	59.4	15,339	56.3	13,577	62.1
Nanjing Kai Hong Plaza	1,703	2.6	1,878	2.6	1,732	2.0	623	2.3	574	2.6
Harbor Ring Plaza	–	–	–	–	496	0.6	–	–	992	4.5
Total	**66,729**	**100.0**	**73,675**	**100.0**	**85,044**	**100.0**	**27,228**	**100.0**	**21,869**	**100.0**

Property management services

Our property management services income represents revenue generated from commercial property management services that we provide to certain commercial properties we developed through our commercial property management subsidiary. Revenue from our property management services is recognized over the period when (i) our commercial property management services are rendered and (ii) the customers simultaneously receive and consume the benefits of such services. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, revenue from property management services was RMB6.5 million, RMB7.3 million, RMB8.0 million, RMB2.5 million and RMB1.5 million, respectively.

Cost of Sales

The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

The following table sets forth a breakdown of our cost of sales for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* (Unaudited)	*%*	*(RMB'000)*	*%*
Cost of properties sold:										
Construction costs	446,814	76.9	417,767	71.4	1,418,028	36.2	43,763	70.9	181,231	29.5
Land use right costs	67,256	11.6	70,189	12.0	1,967,512	50.3	6,453	10.5	382,552	62.4
Capitalized interest	47,152	8.1	76,915	13.1	504,045	12,9	2,488	4.0	44,842	7.3
	561,222	96.5	564,871	96.5	3,889,585	99.4	52,704	85.4	608,625	99.2
Cost of commercial property investment and operations	17,532	3.0	18,036	3.1	20,080	0.5	8,202	13.3	4,322	0.7
Cost of property management[(1)]	2,533	0.4	2,582	0.4	2,690	0.1	840	1.4	525	0.1
	581,287	100.0	585,489	100.0	3,912,355	100.0	61,746	100.0	613,472	100.0
Total GFA delivered (sq.m.)	143,978		135,198		316,809		14,691		37,259	
Average cost per sq.m. sold (RMB)[(2)]	3,898		4,178		12,277		3,588		16,335	
Average cost as % of ASP	91.1%		90.6%		86.9%		90.3%		71.2%	
Average land use right cost per sq.m. sold (RMB)[(3)]	467		519		6,210		439		10,267	
Average land use right cost as % of ASP	10.9%		11.3%		43.9%		11.1%		44.8%	

Notes:

(1) Primarily includes labor costs, maintenance fees and other miscellaneous fees.

(2) Refers to the average costs of our property sales (excluding the costs associated with property leasing and management operations) and is derived by dividing the sum of construction costs, land use rights costs and capitalized interest for a period by the total GFA delivered in that period.

(3) Refers to the average land use right cost of our property sales (excluding the costs associated with property leasing and management operations) and is derived by dividing the land use rights costs for a period by the total GFA delivered in that period.

Cost of Property Development and Sales

Cost of property development and sales mainly includes construction costs, land acquisition costs and capitalized interest. We recognize the cost of property sales for a given period to the extent that revenue from such properties has been recognized in such period.

Construction Costs

Construction costs represent costs for the design and construction of a project, primarily consisting of payments to our contractors, including those responsible for civil engineering, construction, landscaping, equipment installation and interior decoration, as well as infrastructure construction costs and design costs. Our construction costs are affected by a number of factors, such as changes in the price of construction materials, the location and type of properties under construction and investments in ancillary facilities.

Land Use Right Costs

Land use right costs represent costs relating to acquisition of the rights to occupy, use and develop land, and primarily include land premium paid in connection with land grants from the PRC government or land obtained by urban redevelopment, transfers, cooperative arrangements, corporate acquisitions or otherwise. Our land use right costs are affected by a number of factors, such as the method of acquisition, the location of the underlying property, market conditions, the project's plot ratios, the designated use of the underlying property and changes in PRC policies and regulations. We may also be required to pay demolition and resettlement costs as part of our land acquisition costs.

As land use right costs vary by location and as we recognize land use right costs only when properties satisfy the requirements for delivery, our total land use right costs per sq.m. vary from period to period due to differences in the composition of the total GFA delivered by each project. For example, a significant proportion of our total properties delivered in a certain period may be in locations with relatively low land use right costs, resulting in relatively low total land use right costs per sq.m. for that period, while, in another period, a significant proportion of our total GFA delivered may be in locations with relatively high land use right costs, resulting in relatively high total land use right costs per sq.m. for that period. As the location of our properties completed and delivered in future periods will vary from past periods, the above sensitivity analysis is for reference only and should not be unduly relied upon.

Our average land use right costs per sq.m. for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018 was RMB467, RMB519, RMB6,210, RMB439 and RMB10,267, respectively. The average land use right costs per sq.m. has been calculated by dividing the land use right costs for the period by the recognized GFA for the same period. The significant increase in the average land use right costs per sq.m. in 2017 was primarily due to a significant portion of our total GFA delivered were concentrated in areas such as Shanghai, Nanjing and Wenzhou where land use right costs were relatively higher. The further increase in land use right costs per sq.m. for the four months ended April 30, 2018 was primarily due to the delivery of our project Dafa Bliss Huating in Shanghai that had relatively high land use right costs.

Capitalized Interests

We capitalize a significant portion of our finance costs to the extent that such costs are directly attributable to the construction of a particular project. Finance costs that are not directly attributable to the development of a project are expensed and recorded as finance costs in our consolidated income statements in the period in which they are incurred.

Cost of Commercial Property Investment and Operations

Cost of commercial property investment and operations primarily includes staff costs, utility costs and repair and maintenance costs.

Cost of Property Management Services

Cost of property management services primarily includes staff costs and utility costs associated with our property management company and other costs associated with the management of the properties and provision of related services.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Our gross profit for the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018 was RMB107.7 million, RMB119.2 million, RMB657.3 million, RMB26.3 million and RMB264.5 million, respectively. Our gross profit margin for the years ended December 31, 2017 and the four months ended April 30, 2017 and 2018 was 15.6%, 16.9%, 14.4%, 29.9% and 30.1%, respectively.

The following table sets forth our gross profit margin by business line for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB in millions)	*(%)*	*(RMB in millions)*	*(%)*	*(RMB in millions)*	*(%)*	*(RMB in millions)*	*(%)*	*(RMB in millions)*	*(%)*
							(unaudited)			
Property development and sales	54.5	8.9	58.8	9.4	587.0	13.1	5.6	9.7	246.0	28.8
Commercial property investment and operations	49.2	73.7	55.6	75.5	65.0	76.4	19.0	69.9	17.5	80.2
Property management services	4.0	61.1	4.7	64.6	5.3	66.5	1.6	66.2	1.0	64.5
Total	**107.7**	**15.6**	**119.2**	**16.9**	**657.3**	**14.4**	**26.3**	**29.9**	**264.5**	**30.1**

The changes in the gross profit margin in property development and sales during the Track Record Period were primarily affected by the prices, the construction costs and the land use right costs of our properties. A significant portion of our total GFA delivered in 2015, 2016 and the first four months of 2017 were concentrated in Anqing with relatively low recognized ASP per sq.m and low construction costs per sq.m., whereas a significant portion of our total GFA delivered since the second half of 2017 were concentrated in developed areas including Shanghai, Nanjing and Wenzhou with relatively high recognized ASP per sq.m. and high construction costs per sq.m.. The increases in gross profit margin in property development and sales during the Track Record Period were mainly attributable to the increases in the gross profit or a result of the increase in recognized ASP per sq.m., which outpaced the increase in construction costs per sq.m..

The increases in the gross profit margin in commercial property investment and operations from 2015 to 2017 were primarily due to the increases in the average occupancy rate and rental income. The gross profit margin in commercial property investment and operations increased from 69.9% for the four months ended April 30, 2017 to 80.2% for the same period of 2018, primarily reflecting the effect of the disposal of our entire equity interest in Nanjing Wisdom Warden in March 2018. We rent out the entire Nanjing IST Mall to Nanjing Wisdom Warden except for one store and receive fixed rental payments. The disposal resulted in a decrease in the cost for our commercial property investment and operations, which outpaced the decrease in our revenue generated from commercial property investment and operations and thus led to the increase in the gross profit margin.

The gross profit margin in property management services increased from 2015 to 2017 and remained relatively stable afterwards. The increase from 2015 to 2017 was primarily due to increased occupancy rate and property management income.

Our overall gross profit margin decreased from 16.9% for the year ended December 31, 2016 to 14.4% for the year ended December 31, 2017 because the proportion of revenue derived from property development and sales, which had relatively lower gross profit margin compared with those of our other business lines, increased significantly in 2017. The gross profit margin of 29.9% for the four months ended April 30, 2017 was significantly higher than those in the three years ended December 31, 2017, primarily because the proportion of revenue derived from commercial property investment and operations, which had relatively higher gross profit margin compared with our other business lines, increased significantly during this period as most of our revenue derived from property development and sales in 2017 was recorded in the second half of that year. The gross profit margin of 30.1% for the four months ended April 30, 2018 was significantly higher than those in the three years ended December 31, 2017, primarily because the sales of our project Dafa Bliss Huating in Shanghai, which commanded a relatively high recognized ASP per sq.m.. The revenue from sales of our project Dafa Bliss Huating, which recorded a gross profit margin of 30.4% for the four months ended April 30, 2018, constituted approximately 86.7% of our total revenue from property development and sales for the same period.

Finance Income

Finance income consists of interest income. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our finance income amounted to RMB15.8 million, RMB8.4 million, RMB9.3 million, RMB2.1 million and RMB5.5 million, respectively.

Other Income and Gains

Our other income and gains consist of gains on disposal of a subsidiary, gains on disposal of items of property, plant and equipment, commercial compensation and others.

The following table sets forth a breakdown of our other income and gains for the periods indicated.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
				(unaudited)	
Other income and gains					
Gain on disposal of a subsidiary	–	–	1,037	–	22,471
Gain on disposal of an associate	–	–	–	–	4,634
Gain on disposal of items of property, plant and equipment	895	9	1	–	–
Foreign exchange differences, net	–	–	–	–	3,529
Government grants	–	–	267	267	78
Deposit forfeiture	386	1,352	996	288	19
Others	365	742	657	64	129
	1,646	2,103	2,958	619	30,860

Selling and Distribution Expenses

Our selling and distribution expenses primarily consist of (i) advertising, marketing and business development expenses, (ii) commissions paid to external sales agents and (iii) office expenses. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our selling and distribution expenses were RMB55.9 million, RMB71.2 million, RMB94.3 million, RMB23.9 million and RMB37.5 million, respectively.

The following table sets forth a breakdown of our selling expenses for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*
							(Unaudited)			
Selling and distribution expenses										
Advertising, marketing and business development expenses	32,497	58.1	38,241	53.7	43,191	45.8	13,482	56.5	18,002	48.0
Office expenses	12,590	22.5	14,222	20.0	17,747	18.8	6,245	26.2	5,966	15.9
Staff costs	1,262	2.3	2,583	3.6	5,214	5.5	924	3.9	5,908	15.8
Commissions incurred to external sales agents	4,546	8.1	6,906	9.7	21,318	22.6	1,771	7.4	4,306	11.5
After-sales service expenses	5,005	9.0	9,242	13.0	6,823	7.2	1,443	6.0	3,290	8.8
Total	**55,900**	**100.0**	**71,194**	**100.0**	**94,293**	**100.0**	**23,865**	**100.0**	**37,472**	**100.0**

Our selling and distribution expenses increased in absolute amounts from 2015 to 2017 and from the four months ended April 30, 2017 to the same period in 2018, primarily attributable to (i) our strengthened advertising, marketing and business development efforts to promote newly-launched property projects; and (ii) the expansion of our internal sales and marketing team to support our business expansion during the Track Record Period. Our selling and distribution expenses are expected to increase in line with our business expansion.

Administrative Expenses

Our administrative expenses primarily consist of (i) staff costs, (ii) tax and (iii) entertainment expenses. For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, our administrative expenses were RMB89.0 million, RMB105.0 million, RMB133.9 million, RMB34.6 million and RMB70.3 million, respectively.

The following table sets forth a breakdown of our administrative expenses for the periods indicated.

	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	(RMB'000)	*%*	*(RMB'000)*	*%*	*(RMB'000)*	*%*	*(RMB'000)* (Unaudited)	*%*	*(RMB'000)*	*%*
Administrative expenses										
Staff costs	46,796	52.6	51,630	49.1	57,028	42.6	13,507	39.0	21,640	30.8
Listing expenses	–	–	–	–	3,343	2.5	–	–	12,329	17.5
Office and meeting expenses	5,876	6.6	7,202	6.9	9,815	7.3	2,081	6.0	7,762	11.0
Entertainment expenses	5,066	5.7	10,817	10.3	14,938	11.2	5,300	15.3	6,541	9.3
Tax	11,096	12.5	11,698	11.1	18,998	14.2	5,341	15.4	6,070	8.6
Depreciation and amortization	6,030	6.8	4,647	4.4	6,886	5.1	1,455	4.2	3,527	5.0
Traveling expenses	4,101	4.6	6,279	6.0	7,131	5.3	1,809	5.2	3,270	4.7
Rental cost	2,107	2.4	1,908	1.8	3,126	2.3	644	1.9	1,493	2.1
Professional fee	3,172	3.6	4,785	4.6	8,006	6.0	1,129	3.3	1,358	1.9
Bank charges	613	0.7	707	0.7	667	0.5	236	0.7	209	0.3
Others	4,145	4.7	5,373	5.1	3,987	3.0	3,111	9.0	6,111	8.7
Total	**89,002**	**100.0**	**105,046**	**100.0**	**133,925**	**100.0**	**34,613**	**100.0**	**70,310**	**100.0**

Fair Value Gains on Investment Properties

We develop and hold certain commercial areas in our properties on a long-term basis for rental income or capital appreciation. Our investment properties are recorded as non-current assets in our consolidated statements of financial position at fair value as of each balance sheet date as determined by independent valuer. Gains or losses arising from changes in the fair value of our investment properties are accounted for as gains or losses in our consolidated statements of comprehensive income, which may have a substantial effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have been, and may continue to change based on property market conditions in China. Our investment properties are appraised annually by our independent property valuer. The fair value gains on investment properties for the three years ended December 31, 2017 and the four months ended April

30, 2017 and 2018 were RMB271.0 million, RMB254.0 million, RMB58.0 million, RMB14.0 million and RMB18.8 million, respectively, which are primarily related to the appreciation in value of our properties, in particular Nanjing IST Mall. Our fair value gains on investment properties since 2017 were substantially lower than that in 2015 and 2016 because our fair value gains on investment properties returned to normal growth rate after the rapid growth in 2015 and 2016, which was primarily attributable to the opening of the flagship store of a famous U.S. multinational technology company in Nanjing IST Mall and significant increase in the fair value of Shanghai Kai Hong Plaza.

Finance Costs

Our finance costs mainly consist of interest on bank and other borrowings, and interest from significant financing component of contract liabilities less interest expense capitalized into properties under development.

The following table sets forth our finance costs for the periods indicated.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(Unaudited)**	*(RMB'000)*
Interest on bank and other borrowings	358,545	366,635	475,526	83,847	198,131
Interest from significant financing component of contract liabilities	76,163	141,821	155,245	79,239	89,022
Less: Interest capitalized	(332,853)	(393,894)	(497,121)	(112,435)	(228,313)
Total	**101,855**	**114,562**	**133,650**	**50,651**	**58,840**

Income Tax

Our income tax expenses for a given period include payments and provisions made for corporate income tax and LAT.

Corporate income tax

Our PRC subsidiaries are subject to a corporate income tax at the rate of 25% according to the EIT Law. For the three years ended December 31, 2017 and the four months ended April 30, 2018, our effective corporate income tax rate was 60.7%, 70.2%, 43.3% and 38.0%, respectively. The high effective corporate income tax rates were primarily due to the unrecognized deferred tax assets in connection with the tax losses of certain subsidiaries of our Group by considering the uncertainty of their future profitability. For the four months ended April 30, 2017, we recorded a loss.

LAT

Under PRC laws and regulations, our property development and sales are subject to LAT in respect of the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in real estate development in the PRC and is levied on properties for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20% of the total deductible items (as defined in the relevant tax laws). Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher-end properties and commercial properties have had higher appreciation values, and have been therefore generally subject to higher LAT rates. On December 28, 2006, the SAT issued the *Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises* (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which took effect on February 1, 2007. Such notice provides further clarification regarding the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local conditions. On May 12, 2009, the SAT issued the *Regulations of Land Appreciation Tax Settlement Administration* (《土地增值稅清算管理規程》), effective on June 1, 2009, which further clarifies the specific conditions and procedures for the settlement of LAT. We make provisions for LAT by reference to our recognized sales and in accordance with our estimates of the LAT which will be payable under relevant PRC laws and regulations, but only prepay 2% to 4% of the pre-sales proceeds each year as required by the local tax authorities under prevailing market practice. During the three years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2017 and 2018, we made LAT provisions of RMB12.6 million, RMB11.8 million, RMB81.4 million, RMB1.2 million and RMB27.0 million, respectively. See "Regulatory Overview – Regulations on Taxation – Land Appreciation Tax" for more details on the PRC regulations on LAT.

Profit/(Loss) for the Year/Period

For the three years ended December 31, 2017 and the four months ended April 30, 2018, we had a profit of RMB53.4 million, RMB21.9 million, RMB144.2 million and RMB77.6 million, respectively. The profit attributable to the owners of the parent was RMB58.4 million, RMB24.7 million, RMB137.5 million and RMB78.7 million, for those same periods respectively. We recorded a net loss of RMB64.8 million and loss attributable to the owners of the parent of RMB64.0 million for the four months ended April 30, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS

Four months ended April 30, 2017 compared to four months ended April 30, 2018

Revenue

Our revenue increased significantly from RMB88.0 million for the four months ended April 30, 2017 to RMB878.0 million for the same period in 2018 due to the significant increase in revenue derived from property development and sales.

The following table sets forth our revenue by business line for the period indicated:

	For The Four Months Ended April 30,			
	2017		2018	
	Amount	% of Total	Amount	% of Total
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
	(Unaudited)			
Revenue				
Property development and sales	58,336	66.3	854,627	97.3
Commercial property investment and operations	27,228	30.9	21,869	2.5
Property management services	2,482	2.8	1,479	0.2
Total	**88,046**	**100.0**	**877,975**	**100.0**

Property Development and Sales

Revenue derived from property development and sales increased significantly from RMB58.3 million for the four months ended April 30, 2017 to RMB854.6 million for the same period in 2018, primarily due to (i) the increase in GFA delivered from 14,691 sq.m. for the four months ended April 30, 2017 to 37,259 sq.m. for the same period in 2018, and (ii) the increase in ASP from RMB3,971 per sq.m. for the four months ended April 30, 2017 to RMB22,937 per sq.m. for the same period in 2018, both primarily as a result of the delivery of Dafa Bliss Huating in Shanghai.

The following table sets forth a breakdown of our revenue recognized from property development and sales by geographic regions, the aggregate GFA delivered, the recognized ASP per sq.m. for the periods indicated.

	For The Four Months Ended April 30,							
	2017				2018			
	Revenue		GFA	ASP	Revenue		GFA	ASP
	(RMB'000)	%	*(sq.m.)*	*(RMB/ sq.m.)*	*(RMB'000)*	%	*(sq.m.)*	*(RMB/ sq.m.)*
Shanghai	805	1.4	90	8,948	742,818	86.9	22,045	33,696
Nanjing	–	–	–	–	31,016	3.6	1,139	27,226
Wenzhou	–	–	–	–	29,517	3.5	1,625	18,165
Anqing	57,531	98.6	14,601	3,940	51,276	6.0	12,450	4,119
Total	**58,336**	**100.0**	**14,691**	**3,971**	**854,627**	**100.0**	**37,259**	**22,937**

Commercial Property Investment and Operations

Revenue derived from commercial property investment and operations decreased by 19.7% from RMB27.2 million for the four months ended April 30, 2017 to RMB21.9 million for the same period in 2018, primarily due to the disposal of our equity interest in Nanjing Wisdom Warden on March 19, 2018. For details, please see "Our History and Reorganization – Reorganization – The Onshore Reorganization – (ii) Disposal of Nanjing Wisdom Warden."

Property Management Services

Revenue derived from property management services decreased by 40.4% from RMB2.5 million for the four months ended April 30, 2017 to RMB1.5 million for the same period in 2018, primarily due to the disposal of our equity interest in Nanjing Wisdom Warden on March 19, 2018. For details, please see "Our History and Reorganization – Reorganization – The Onshore Reorganization – (ii) Disposal of Nanjing Wisdom Warden."

Cost of Sales

The cost of sales increased significantly from RMB61.7 million for the four months ended April 30, 2017 to RMB613.5 million for the same period in 2018, primarily due to the increase in land use rights costs and our increased property development activities.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased significantly from RMB26.3 million for the four months ended April 30, 2017 to RMB264.5 million for the same period in 2018. Our gross profit margin increased slightly from 29.9% for the four months ended April 30, 2017 to 30.1% for the same period in 2018.

Finance Income

Our finance income increased from RMB2.1 million for the four months ended April 30, 2017 to RMB5.5 million for the four months ended April 30, 2018 due to the increase in interest income.

Other Income and Gains

Other income and gains increased significantly from RMB0.6 million for the four months ended April 30, 2017 to RMB30.9 million for the same period in 2018, primarily due to the gain on disposal of our interests in Nanjing Wisdom Warden.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 57.0% from RMB23.9 million for the four months ended April 30, 2017 to RMB37.5 million for the same period in 2018, primarily due to the increased level of our promotional and advertising activities to support our sales of properties and an increase in our sales and marketing staff cost as a result of continuous expansion of in-house sales and marketing team to support our business expansion.

Administrative Expenses

Our administrative expenses increased by 103.1% from RMB34.6 million for the four months ended April 30, 2017 to RMB70.3 million for the same period in 2018, primarily due to the listing expenses and increases in our management and administrative headcount which were in line with our business expansion.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by 34.6% from RMB14.0 million for the four months ended April 30, 2017 to RMB18.8 million for the same period in 2018, primarily attributable to the fair value gains of the affiliated commercial property of Dafa Bliss Oriental (Wenzhou).

Finance Costs

Our finance costs increased by 16.2% from RMB50.7 million for the four months ended April 30, 2017 to RMB58.8 million for the same period in 2018, primarily attributable to the increase in the number of properties under development and the associated increase in the level of total interest expenses.

Share of Loss of An Associate

Our share of loss of an associate decreased slightly from RMB0.9 million for the four months ended April 30, 2017 to RMB0.8 million for the same period in 2018.

Profits/(Loss) Before Tax

As a result of the foregoing, we recorded a profit before tax of RMB152.0 million for the four months ended April 30, 2018 compared to a loss before tax of RMB68.4 million for the same period in 2017.

Income Tax (Expense)/Credit

Our income expense was RMB74.4 million for the four months ended April 30, 2018 compared to a tax credit of RMB3.7 million for the four months ended April 30, 2017.

Profit/(Loss) for the Year and Net Profit Margin

As a result of the foregoing, our profit for the four months ended April 30, 2018 was RMB77.5 million compared to a loss of RMB64.8 million for the four months ended April 30, 2017. Our net profit margin for the four months ended April 30, 2018 was 8.8%.

Year ended December 31, 2017 compared to Year ended December 31, 2016

Revenue

Our revenue increased significantly from RMB704.6 million for the year ended December 31, 2016 to RMB4,569.6 million for the year ended December 31, 2017, primarily due to the increase in revenue derived from property development and sales.

The following table sets forth our revenue by business line for the period indicated:

	For The Year Ended December 31,			
	2016		2017	
	Amount	% of Total	Amount	% of Total
	(RMB'000)	(%)	(RMB'000)	(%)
Revenue				
Property development and sales	623,671	88.5	4,476,569	98.0
Commercial property investment and operations	73,675	10.5	85,044	1.9
Property management services	7,300	1.0	8,023	0.2
Total	**704,646**	**100.0**	**4,569,636**	**100.0**

Property Development and Sales

Revenue derived from property development and sales increased significantly from RMB623.7 million for the year ended December 31, 2016 to RMB4,476.6 million for the year ended December 31, 2017, primarily due to (i) the increase in GFA delivered from 135,198 sq.m. in 2016 to 316,809 sq.m. in 2017 as a result of the deliveries of multiple projects, including Dafa Bliss Garden, Dafa Bliss Huating and Kaixin Jinyuan A, in 2017, and (ii) the increase in ASP from RMB4,613 per sq.m. in 2016 to RMB14,130 per sq.m. in 2017.

The following table sets forth a breakdown of our revenue recognized from property development and sales by geographic regions, the aggregate GFA delivered, the recognized ASP per sq.m. for the years indicated.

	For The Year Ended December 31,							
	2016				2017			
	Revenue		GFA	ASP	Revenue		GFA	ASP
	(RMB'000)	%	(sq.m.)	(RMB/ sq.m.)	(RMB'000)	%	(sq.m.)	(RMB/ sq.m.)
Shanghai	1,929	0.3	120	16,071	1,173,319	26.2	42,887	27,358
Nanjing	60,730	9.7	3,121	19,459	1,191,520	26.6	44,893	26,541
Wenzhou	–	–	–	–	1,618,345	36.2	104,087	15,548
Anqing	561,012	90.0	131,957	4,251	493,385	11.0	124,942	3,949
Total	**623,671**	**100.0**	**135,198**	**4,613**	**4,476,569**	**100.0**	**316,809**	**14,130**

Commercial Property Investment and Operations

Revenue derived from commercial property investment and operations increased by 15.4% from RMB73.7 million for the year ended December 31, 2016 to RMB85.0 million for the year ended December 31, 2017.

Property Management Services

Revenue derived from property management services increased by 9.9% from RMB7.3 million for the year ended December 31, 2016 to RMB8.0 million for the year ended December 31, 2017, primarily due to the increased revenue from Nanjing Wisdom Warden as a result of the increased number of tenants of Nanjing IST Mall in 2017.

Cost of Sales

Our cost of sales increased significantly from RMB585.5 million for the year ended December 31, 2016 to RMB3,912.4 million for the year ended December 31, 2017, primarily due to the increase in land use rights costs and our increased property development activities.

Gross Profit and Gross Profit Margin

As a result of foregoing, our gross profit increased significantly from RMB119.2 million for the year ended December 31, 2016 to RMB657.3 million for the year ended December 31, 2017. Our gross profit margin decreased from 16.9% for the year ended December 31, 2016 to 14.4% for the year ended December 31, 2017 because the proportion of revenue derived from property development and sales, which had relatively lower gross profit margin compared with those of our other businesses, increased significantly in 2017.

Finance Income

Our finance income increased from RMB8.4 million for the year ended December 31, 2016 to RMB9.3 million for the year ended December 31, 2017 due to the increase in interest income.

Other Income and Gains

Our other income and gains increased by 40.7% from RMB2.1 million for the year ended December 31, 2016 to RMB3.0 million for the year ended December 31, 2017.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 32.5% from RMB71.2 million for the year ended December 31, 2016 to RMB94.3 million for the year ended December 31, 2017, primarily due to the increased level of our promotional and advertising activities to support our sales of properties.

Administrative Expenses

Our administrative expenses increased by 27.5% from RMB105.0 million for the year ended December 31, 2016 to RMB133.9 million for the year ended December 31, 2017, primarily due to the listing expenses in 2017 and the increases in our management and administrative headcount which were in line with our business expansion.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 77.2% from RMB254.0 million for the year ended December 31, 2016 to RMB58.0 million for the year ended December 31, 2017, primarily due to our fair value gains on investment properties going back to normal growth rate after the rapid growth in 2015 and 2016, which was primarily attributable to the opening of the flagship store of a famous U.S. multinational technology company in Nanjing IST Mall in 2015 and significant increase in the fair value of Shanghai Kai Hong Plaza.

Finance Costs

Our finance costs increased by 16.7% from RMB114.6 million for the year ended December 31, 2016 to RMB133.7 million for the year ended December 31, 2017, primarily due to the increase in the number of properties under development and the associated increased borrowings.

Share of Loss of An Associate

Our share of loss of an associate increased by 64.7% from RMB1.6 million for the year ended December 31, 2016 to RMB2.6 million for the year ended December 31, 2017, primarily due to the losses incurred by Shanghai Qijie which was established in 2016 and had not yet reached profitability.

Profit Before Tax

As a result of the foregoing, our profit before tax increased significantly from RMB85.1 million for the year ended December 31, 2016 to RMB335.5 million for the year ended December 31, 2017.

Income Tax Expense

Our income tax expense increased significantly from RMB63.2 million for the year ended December 31, 2016 to RMB191.4 million for the year ended December 31, 2017, primarily due to the increase in our profit before tax.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year increased significantly from RMB21.9 million for the year ended December 31, 2016 to RMB144.2 million for the year ended December 31, 2017. Our net profit margin increased only slightly from 3.1% for the year ended December 31, 2016 to 3.2% for the year ended December 31, 2017.

Year ended December 31, 2016 compared to Year ended December 31, 2015

Revenue

Our revenue increased by 2.3% from RMB689.0 million for the year ended December 31, 2015 to RMB704.6 million for the year ended December 31, 2016, primarily due to an increase in revenue derived from property development and sales.

The following table sets forth our revenue by business line for the periods indicated:

	For The Year Ended December 31,			
	2015		2016	
	Amount	% of Total	Amount	% of Total
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Revenue				
Property development and sales	615,760	89.4	623,671	88.5
Commercial property investment and operations	66,729	9.7	73,675	10.5
Property management services	6,506	0.9	7,300	1.0
Total	**688,995**	**100.0**	**704,646**	**100.0**

Property Development and Sales

Revenue derived from property development and sales increased by 1.3% from RMB615.8 million for the year ended December 31, 2015 to RMB623.7 million for the year ended December 31, 2016, primarily due to the increase in ASP in Nanjing from RMB13,352 per sq.m. in 2015 to RMB19,459 per sq.m. in 2016, partially offset by the decrease in GFA delivered from 143,978 sq.m. in 2015 to 135,198 sq.m. in 2016 as a result of (i) the decrease in total GFA delivered from Dafa Yi Jing Cheng projects in Anqing and (ii) the decrease in total GFA delivered in Nanjing.

The following table sets forth a breakdown of our revenue recognized from property development and sales by geographic regions, the aggregate GFA delivered, the recognized ASP per sq.m. for the years indicated.

	For The Year Ended December 31,							
	2015				2016			
	Revenue		GFA	ASP	Revenue		GFA	ASP
	(RMB'000)	%	*(sq.m.)*	*(RMB/ sq.m.)*	*(RMB'000)*	%	*(sq.m.)*	*(RMB/ sq.m.)*
Shanghai	1,318	0.2	90	14,642	1,929	0.3	120	16,071
Nanjing	71,667	11.6	5,367	13,352	60,730	9.7	3,121	19,459
Anqing	542,775	88.2	138,521	3,918	561,012	90.0	131,957	4,251
Total	**615,760**	**100.0**	**143,978**	**4,277**	**623,671**	**100.0**	**135,198**	**4,613**

Commercial Property Investment and Operations

Revenue derived from commercial property investment and operations increased by 10.4% from RMB66.7 million for the year ended December 31, 2015 to RMB73.7 million for the year ended December 31, 2016, primarily due to an increase in rent collected from the flagship store of a famous U.S. multinational technology company in Nanjing IST Mall in 2016.

Property Management Services

Revenue derived from property management services increased by 12.2% from RMB6.5 million for the year ended December 31, 2015 to RMB7.3 million for the year ended December 31, 2016, primarily due to the increased revenue from Nanjing Wisdom Warden, as a result of the opening of the flagship store of a famous U.S. multinational technology company in Nanjing IST Mall in 2015.

Cost of Sales

Our cost of sales increased slightly by 0.7% from RMB581.3 million for the year ended December 31, 2015 to RMB585.5 million for the year ended December 31, 2016.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 10.6% from RMB107.7 million for the year ended December 31, 2015 to RMB119.2 million for the year ended December 31, 2016. Our gross profit margin increased from 15.6% for the year ended December 31, 2015 to 16.9% for the year ended December 31, 2016 mainly due to an increase in the average selling price of our properties delivered in 2016.

Finance Income

Our finance income decreased from RMB15.8 million for the year ended December 31, 2015 to RMB8.4 million for the year ended December 31, 2016 due to the decrease in interest income.

Other Income and Gains

Our other income and gains increased by 27.8% from RMB1.6 million for the year ended December 31, 2015 to RMB2.1 million for the year ended December 31, 2016.

Selling and Distribution Expenses

Our selling and distribution expenses increased by 27.4% from RMB55.9 million for the year ended December 31, 2015 to RMB71.2 million for the year ended December 31, 2016, primarily due to the increased level of our promotional and advertising activities to support our sales of properties in 2016.

Administrative Expenses

Our administrative expenses increased by 18.0% from RMB89.0 million for the year ended December 31, 2015 to RMB105.0 million for the year ended December 31, 2016, primarily due to the increases in our management and administrative headcount which were in line with our business expansion.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties decreased by 6.3% from RMB271.0 million for the year ended December 31, 2015 to RMB254.0 million for the year ended December 31, 2016, primarily due to the decreasing residual effect of the opening of the flagship store of a famous U.S. multinational technology company in Nanjing IST Mall.

Finance Costs

Our finance costs increased by 12.5% from RMB101.9 million for the year ended December 31, 2015 to RMB114.6 million for the year ended December 31, 2016, primarily due to the increase in the number of properties under development and the associated increase in the level of total interest expenses.

Share of Loss of An Associate

We recorded a share of loss of an associate of RMB1.6 million in 2016, primarily due to the losses incurred by Shanghai Qijie, which was established in 2016 and had not yet reached profitability.

Profit Before Tax

As a result of the foregoing, our profit before tax decreased by 42.7% from RMB148.6 million for the year ended December 31, 2015 to RMB85.1 million for the year ended December 31, 2016.

Income Tax Expense

Our income tax expense decreased by 33.5% from RMB95.1 million for the year ended December 31, 2015 to RMB63.2 million for the year ended December 31, 2016, primarily due to the decrease in our profit before tax.

Profit for the Year and Net Profit Margin

As a result of the foregoing, our profit for the year decreased by 59.1% from RMB53.4 million for the year ended December 31, 2015 to RMB21.9 million for the year ended December 31, 2016. Our net profit margin decreased from 7.8% for the year ended December 31, 2015 to 3.1% for the year ended December 31, 2016 primarily due to (i) an decrease in our other income and gains in 2016 and (ii) increases in our selling and distribution expenses, administrative expenses and other expenses in 2016.

CERTAIN ITEMS OF STATEMENT OF FINANCIAL POSITION

Completed Properties Held for Sales

Properties held for sale represent completed properties remaining unsold at the end of each financial year and are stated at the lower of cost and net realizable value. Cost of properties held for sale is determined by an apportionment of related costs incurred attributable to the unsold properties. Net realizable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable selling expenses, or by management estimates of the estimated selling prices based on prevailing market conditions. As of December 31, 2015, 2016, 2017 and April 30, 2018, we had completed properties held for sale of RMB305.0 million, RMB331.5 million, RMB1,388.7 million and RMB780.0 million, respectively. We have obtained the construction completion certificates in respect of all completed properties held by us for sale. Approximately RMB255.9 million, representing approximately 32.8% of the completed properties held for sale as of April 30, 2018 were sold as of July 31, 2018.

Properties under Development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost comprising land costs, construction costs, capitalized interests and other costs directly attributable to such properties incurred during the development period and net realizable value. Upon completion, the properties are transferred to completed properties held for sale. Our properties under development increased from RMB4,971.2 million as of December 31, 2015 to RMB7,143.0 million as of December 31, 2016 to RMB7,916.2 million as of December 31, 2017 and further to RMB9,277.9 million as of April 30, 2018 primarily due to the increases in our land bank and property development activities. As of July 31, 2018, none of our properties under development as of April 30, 2018 had been transferred to completed properties held for sale.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. JLL, an independent property valuer of us, valued our investment properties at RMB2,121.0 million, RMB2,375.0 million, RMB2,497.0 million and RMB2,537.2 million as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively.

The increases in the fair value of our investment properties during the Track Record Period were mainly due to the rising popularity and value of Nanjing IST Mall, influenced by the opening of the flagship store of a famous U.S. multinational technology company.

Trade Receivables

Trade receivables primarily consist of rentals receivables from our tenants in connection with our investment properties and outstanding purchase amounts due from purchasers of our properties.

The following table sets forth our trade receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Trade receivables	11,047	7,161	38,924	31,592
Impairment	–	–	–	–
	11,047	**7,161**	**38,924**	**31,592**

As of July 31, 2018, approximately RMB30.1 million, representing approximately 95.3% of our outstanding trade receivables as of April 30, 2018, were collected.

During the Track Record Period, no trade receivables was impaired. Based on our past experience, no provision for impairment is necessary in respect of these balances as there has not been a significant credit risk and the balances are still considered fully recoverable. In addition, our trade receivables only accounted for a small portion of our total revenue in each reporting period. As such, we do not expect exposure to significant credit risk of trade receivables in the future.

Our trade receivables turnover days were 5 days, 5 days, 2 days and 5 days in 2015, 2016, 2017 and the four months ended April 30, 2018, respectively. Our trade receivables turnover days are calculated by dividing the average of trade receivables at the beginning and the end of the period by revenue and multiply the resulting value by the number of days for that period. The decrease in our trade receivables turnover days from 2016 to 2017 was primarily due to the fact that the increasing level of revenue is significantly higher than the increasing level of the average of trade receivables.

The table below sets forth an aging analysis of our trade receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Less than 1 year	11,047	7,161	38,924	31,592
Over 1 year	–	–	–	–
	11,047	**7,161**	**38,924**	**31,592**

Prepayments, Deposits and Other Receivables

The following table sets forth our prepayments, deposits and other receivables as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Due from third parties	100,028	65,707	–	528,293
Other tax recoverable	73,411	227,432	368,803	440,802
Prepayments for acquisition of land use rights	–	–	693,204	245,000
Land auction and other deposits	183,965	578,549	78,083	180,059
Due from non-controlling shareholders of the subsidiaries	274	2,977	22,560	19,874
Prepayments for construction cost	1,696	9,563	6,747	13,832
Prepayment for acquisition of buildings	44,389	88,729	–	–
Other receivables	19,585	29,200	29,030	32,224
	423,348	**1,002,157**	**1,198,427**	**1,460,084**
Less: portion classified as current assets	378,959	913,428	1,198,427	1,460,084
Non-current portion	**44,389**	**88,729**	**–**	**–**

Our prepayments, deposits and other receivables amounted to RMB423.3 million, RMB1,002.2 million, RMB1,198.4 million and RMB1,460.1 million as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively.

The amounts due from third parties as of December 31, 2015, 2016 and April 30, 2018 mainly represent prepayments to third parties for participation in public tender, auction and listing-for-sale process in relation to certain projects to be jointly developed with third parties, including those projects we secured after the Track Record Period. For details, see "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies."

Our other tax recoverable increased from RMB73.4 million as of December 31, 2015 to RMB227.4 million as of December 31, 2016, to RMB368.8 million as of December 31, 2017 and further to RMB440.8 million as of April 30, 2018. Before the tax reform which replaced business tax with VAT on May 1, 2016 in the PRC, the increases of other tax recoverable were primarily due to our increased pre-sale of new projects and increased number of projects under development. According to PRC laws and regulations, a certain percentage of the proceeds derived from properties pre-sold were prepaid to the tax authorities as business tax. After the tax reform, the increase in other tax recoverable was primarily due to the increase in input VAT in respect of development costs incurred for our projects under development.

Our prepayments for acquisition of land use rights increased from nil as of December 31, 2015 and 2016 to RMB693.2 million as of December 31, 2017, primarily attributable to our increased land acquisition efforts associated with the projects in Anqing and Wuhu. Our prepayments for acquisition of land use rights then decreased to RMB245.0 million as of April 30, 2018.

Our land auction and other deposits increased from RMB184.0 million as of December 31, 2015 to RMB578.5 million as of December 31, 2016, which is primarily due to the upfront deposit requirement for participation in the public tender, auction and listing-for-sale process associated with the Hai Jun Fu Project, and then decreased to RMB78.1 million as of December 31, 2017. Our land auction and other deposits increased to RMB180.1 million as of April 30, 2018 as a result of the upfront deposit requirement for participation in public tender, auction and listing-for-sale process in relation to certain projects to be jointly developed with third parties.

Amounts due from non-controlling shareholders of the subsidiaries were mainly cash advances made to such non-controlling shareholders from time to time during the Track Record Period. None of such non-controlling shareholders is a connected person of our Company.

Other receivables mainly represent construction funds paid to relevant authorities which will be returned when the construction of a property is completed and various prepayments including prepaid commission to external sales agents and utilities. The increase of other receivables from RMB19.6 million as of December 31, 2015 to RMB29.2 million as of December 31, 2016 was primarily due to the increase in construction funds and prepaid sales commission, which was in line with the increase in our property development. Our other receivables remained relatively stable afterwards.

Restricted Cash

As of December 31, 2015, 2016, 2017 and April 30, 2018, our restricted cash amounted to RMB87.9 million, RMB123.8 million, RMB211.1 million and RMB583.0 million, respectively. The continuous increase in restricted cash as of December 31, 2015, 2016, 2017 and April 30, 2018 was mainly due to our increased pre-sale of new projects and increased loans and borrowings associated with properties under development.

Available-for-sale Investments

Available-for-sale investments mainly represent wealth management products we purchased with low risk and high liquidity issued by reputable banks with high industry credit ratings. As of December 31, 2015, 2016, 2017 and April 30, 2018, the current portion of our available-for-sale investments amounted to RMB270.0 million, RMB300.0 million, RMB240.0 million and nil, respectively. Depending on the amounts of our idle funds and our budget plan, our treasury department submits an application for the purchase or disposal of available-for-sale investments to be approved by our senior management. Before making such an application, our treasury department conducts a feasibility study of the available-for-sale investments based on the size of the issue, their risk profiles and the relevant rate of return. Our treasury department is required to select available-for-sale investments with a low risk and high liquidity profile issued by reputable banks and financial institutions with high industry credit ratings to ensure that the purchase and disposal of our available-for-sale investments are in line with the Company's working capital requirements and strategic plans. For details, please see Note 19 of the Accountants' Report in Appendix I attached to this prospectus.

Trade Payables

Our trade payables mainly represent payables to third party suppliers and construction contractors. Our trade payables were RMB317.5 million, RMB777.9 million, RMB1,158.7 million and RMB990.2 million as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. The continuous increase in trade payables as of December 31, 2015, 2016 and 2017 was primarily due to increased construction costs and material costs relating to our increased property construction and development activities. During the Track Record Period, our Directors confirm that we had not defaulted on payment of trade payables.

Our trade payables turnover days were 51 days, 72 days, 62 days and 92 days, respectively, in 2015, 2016, 2017 and the four months ended April 30, 2018. Our trade payable turnover days are calculated by dividing the average of trade payables at the beginning and the end of the period by the addition of properties under development and multiplying the resulting value by the number of days in that period. The fluctuations in our trade payable turnover days during the Track Record Period were primarily due to the inconsistency of time spent by different suppliers and contractors in issuing invoices.

The table below sets forth an aging analysis of our trade payables as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Less than 1 year	310,420	772,627	1,131,835	983,148
Over 1 year	7,122	5,304	26,853	7,091
	317,542	**777,931**	**1,158,688**	**990,239**

As of July 31, 2018, approximately RMB210.5 million, representing approximately 21.3% of our outstanding trade payables as of April 30, 2018, were settled.

Contract Liabilities

Contract liabilities primarily represent the sales proceeds received from customers in connection with our pre-sale of properties. We start the sales of our properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as contract liabilities before the relevant sales are recognized as revenue. As of December 31, 2015, 2016, 2017 and April 30, 2018, contract liabilities arising from pre-sales of properties amounted to RMB2,335.7 million, RMB5,779.4 million, RMB5,014.1 million and RMB6,781.8 million, respectively, which was in line with our increase in contracted sales during the Track Record Period.

Other Payables, Deposits Received and Accruals

The table below sets forth a breakdown of other payables, deposits received and accruals as of the dates indicated:

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Retention deposits related to construction	55,693	75,246	102,369	88,768
Advances from non-controlling shareholders of subsidiaries	16,337	34,643	79,630	76,910
Interest payable	8,258	8,032	9,832	23,537
Deposits related to sales of properties	2,621	5,428	35,324	16,449
Payroll and welfare payable	20,272	21,776	17,689	9,781
Business tax and surcharges	5,142	4,133	13,541	9,132
Others	22,515	25,098	30,946	34,774
Total	**130,838**	**174,356**	**289,331**	**259,351**

Our other payables, deposits received and accruals were RMB130.8 million, RMB174.4 million, RMB289.3 million and RMB259.4 million as of December 31, 2015, 2016, 2017 and April 30, 2018. The continuous increases in our other payables, deposits received and accruals from December 31, 2015 to December 31, 2017 were primarily due to the increases in our retention deposits related to construction, which were in line with the expansion of our business. Our other payables, deposits received and accruals decreased as of April 30, 2018, primarily because (i) the decrease in our retention deposits related to construction as we return the deposits upon the completion of certain constructions, and (ii) the decrease in deposits related to sales of properties as such deposits were subsequently recorded as pre-sale proceeds. Our other payables are unsecured, non-interest-bearing and repayable on demand. During the Track Record Period, our Directors confirm that we had not defaulted on payment of other payables.

Advances from non-controlling shareholders of subsidiaries represent investments made by such non-controlling shareholders in connection with the development of our projects. Such advances are unsecured, non-interest bearing and payable on demand and included advances from one of our connected persons. The increases of such advances during the Track Record Period were primarily due to the further development and the increased numbers of our property projects. As of December 31, 2017, the amount due to our connected person had been fully settled.

Interest-bearing bank and other borrowings

Interest-bearing bank and other borrowings are important sources of funding for our property development projects. As of December 31, 2015, 2016, 2017 and April 30, 2018, our outstanding interest-bearing bank and other borrowings amounted to approximately RMB4,091.5 million, RMB3,258.6 million, RMB5,987.3 million and RMB5,703.1 million, respectively. The fluctuations in our interest-bearing bank and other borrowings reflected the funding needs of our property development projects. The decrease of our balance of interest-bearing bank and other borrowings from RMB4,091.5 million as of December 31, 2015 to RMB3,258.6 million as of December 31, 2016 was primarily due to repayment of interest-bearing bank and other borrowings of RMB1,972.1 million using pre-sale proceeds primarily from our projects Dafa Bliss Garden (大發融悅花園), Dafa Bliss Huating (大發融悅華庭) and Kaixin Jinyuan A (凱欣錦園A), partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,124.5 million primarily for the development of our project Dafa Bliss Four Seasons (大發融悅四季). The increase in our balance of interest-bearing bank and other borrowings from RMB3,258.6 million as of December 31, 2016 to RMB5,987.3 million as of December 31, 2017 was due to proceeds from interest-bearing bank and other borrowings of RMB5,978.8 million primarily for the development of our projects Dafa Bliss Four Seasons (大發融悅四季), Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)), Kaize Jinyuan (凱澤錦園), Bliss Xinjie Residence (融悅新界公館) and Hai Jun Fu (海雋府), partially offset by repayment of interest-bearing bank and other borrowings of RMB3,249.4 million using pre-sale proceeds primarily from our projects Kaixin Jinyuan A (凱欣錦園A), Kaixin Jinyuan B (凱欣錦園B) and Dafa Bliss Huating (大發融悅華庭). Our interest-bearing bank and other borrowings then decreased to RMB5,703.1 million as of April 30, 2018 as a result of prepayment of interest-bearing bank and other borrowings of RMB519.5 million using pre-sale proceeds primarily from our projects Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)) and Dafa Bliss Four Seasons (大發融悅四季), partially offset by proceeds from interest-bearing bank and other borrowings of RMB228.0 million primarily for the development of our project Hai Jun Fu (海雋府).

LIQUIDITY AND CAPITAL RESOURCES

Property development requires substantial capital investment for land acquisition and construction. During the Track Record Period, we funded our operations principally from cash generated from its operations, mainly including proceeds from pre-sales and sales of our properties, receipt of rental income, as well as bank loans and borrowings from financial institutions. Going forward, we may also look for additional financing opportunities, such as the issuance of corporate bonds, asset-backed securities programs and other debt offerings.

Cash Flow

The following table sets forth a summary of our consolidated cash flow statements for the periods indicated.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**	*(RMB'000)*
Selected cash flow statement data					
Net cash flows from/(used in) operating activities	(792,190)	855,483	(2,393,466)	(1,275,779)	238,708
Net cash flows from/(used in) investing activities	(63,659)	16,172	(115,381)	(202,555)	682,026
Net cash flows (used in)/from financing activities	785,296	(759,524)	2,729,236	1,437,300	(626,790)
Net increase/(decrease) in cash and cash equivalents	(70,553)	112,131	220,389	(41,034)	293,944
Cash and cash equivalents at beginning of year/period	115,223	44,670	156,801	156,801	377,190
Cash and cash equivalents at end of year/period	44,670	156,801	377,190	115,767	671,134

Net cash flows from/(used in) operating activities

Our primary source of cash from operating activities is proceeds we receive from the sales of our properties, including pre-sales of properties under development, as well as rental income from our property leasing business and property management income from our commercial property management business. Our primary uses of cash in operating activities are amounts that we pay for our property development activities, including land acquisitions.

We recorded net operating cash outflows for the years ended December 31, 2015, 2017 and the four months ended April 30, 2017, primarily due to the increases in our properties under development and completed properties held for sale in 2015, 2017 and the four months ended April 30, 2017.

Net cash flows from operating activities for the four months ended April 30, 2018 was RMB238.7 million, which was primarily attributable to a net profit before taxation of RMB152.0 million, adjusted primarily by an increase in contract liabilities of RMB1,783.8 million due to our increased pre-sale of new property projects, partially offset by (i) an increase in properties under development of RMB1,242.0 million due to our increased property development activities and (ii) an increase in restricted cash of RMB371.8 million due to our increased pre-sale of new projects.

Net cash flows used in operating activities for the four months ended April 30, 2017 was RMB1,275.8 million, which was primarily attributable to the net loss before taxation of RMB68.4 million, adjusted primarily by the following items: (i) an increase in completed properties held for sale of RMB1,507.9 million and an increase in properties under development of RMB635.0 million due to our increased property development activities and (ii) an increase in restricted cash of RMB246.6 million due to our increased pre-sale of new projects, partially offset by an increase in contract liabilities of RMB1,257.9 million due to our increased pre-sale of new property projects.

Net cash flows used in operating activities in 2017 was RMB2,393.5 million, which was primarily attributable to the profit before taxation of RMB335.5 million, adjusted primarily by the following items: (i) an increase in completed properties held for sale of RMB1,057.2 million due to our increased property development activities, (ii) a decrease in contract liabilities of RMB765.3 million due to our decreased pre-sale of new property projects and (iii) an increase in properties under development of RMB431.3 million due to our increased property development activities, partially offset by (i) an increase in trade payables of RMB380.8 million due to our increased property development activities and (ii) an increase in other payables, deposits received and accruals of RMB112.1 million due to the increased deposits as a result of our increased property development activities.

Net cash flows from operating activities in 2016 was RMB855.5 million, which was primarily attributable to the profit before taxation of RMB85.1 million, adjusted primarily by the following items: (i) an increase in contract liabilities of RMB3,443.7 million due to our increased pre-sale of new property projects and (ii) an increase in trade payables of RMB460.4 million due to our increased property development activities, partially offset by (i) an increase in properties under development of RMB1,919.7 million due to our increased property development activities and (ii) an increase in prepayments, deposits and other receivables of RMB538.5 million due to the increase in deposits related to the public tender, auction and listing-for-sale process and increase in other tax recoverable as a result of our increased pre-sale activities.

Net cash flows used in operating activities in 2015 was RMB792.2 million, which was primarily attributable to the profit before taxation of RMB148.6 million, adjusted primarily by the following items: an increase in properties under development of RMB1,777.8 million due to our increased property development activities, partially offset by (i) an increase in contract liabilities of RMB1,224.2 million due to our increased pre-sale of new property projects and (ii) a decrease in completed properties held for sale of RMB235.3 million.

Net cash flows from/(used in) investing activities

Net cash flows from investing activities for the four months ended April 30, 2018 was RMB682.0 million, which was primarily attributable to (i) disposal of financial assets at fair value through profit or loss of RMB630.0 million and (ii) repayment of advances to related companies of RMB886.2 million, partially offset by (i) acquisition of financial assets at fair value through profit or loss of RMB390.0 million and (ii) advances to related companies of RMB449.4 million.

Net cash flows used in investing activities for the four months ended April 30, 2017 was RMB202.6 million, which was primarily attributable to (i) acquisition of available-for-sale investments of RMB318.0 million and (ii) advances to related companies of RMB131.1 million, partially offset by (i) repayment of advances to related companies of RMB135.0 million and, (ii) the disposal of available-for-sale investments of RMB118.0 million.

Net cash flows used in investing activities in 2017 was RMB115.4 million, primarily attributable to (i) advances to related companies of RMB1,189.8 million and (ii) acquisition of available-for-sale investments of RMB328.0 million, partially offset by (i) repayment of advances to related companies of RMB1,037.7 million and (ii) disposal of available-for-sale investments of RMB388.0 million.

Net cash flows from investing activities in 2016 was RMB16.2 million, primarily attributable to (i) repayment of advances to related companies of RMB328.1 million and (ii) disposal of available-for-sale investments of RMB270.0 million, partially offset by (i) acquisition of available-for-sale investments of RMB300.0 million and (ii) advances to related companies of RMB228.7 million.

Net cash flows used in investing activities in 2015 was RMB63.7 million, primarily attributable to (i) advances to related companies of RMB727.8 million and (ii) acquisition of available-for-sale investments of RMB382.0 million, partially offset by (i) disposal of available-for-sale investments of RMB632.0 million and (ii) repayment of advances to related companies of RMB463.3 million.

Net cash flows (used in)/from financing activities

Net cash flows used in financing activities for the four months ended April 30, 2018 was RMB626.8 million, which was primarily attributable to (i) payment for acquisition of subsidiaries of RMB627.9 million and (ii) repayment of interest-bearing bank and other borrowings of RMB519.5 million, partially offset by (i) proceeds from issuance of new shares of RMB440.3 million and (ii) proceeds from interest-bearing bank and other borrowings of RMB228.0 million.

Net cash flows from financing activities for the four months ended April 30, 2017 was RMB1,437.3 million, which was attributable to proceeds from interest-bearing bank and other borrowings of RMB2,120.0 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB682.7 million.

Net cash flows from financing activities in 2017 was RMB2,729.2 million, which was primarily attributable to proceeds from interest-bearing bank and other borrowings of RMB5,978.8 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB3,249.4 million.

Net cash flows used in financing activities in 2016 was RMB759.5 million, which was primarily attributable to repayment of interest-bearing bank and other borrowings of RMB1,972.1 million, partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,124.5 million.

Net cash flows from financing activities in 2015 was RMB785.3 million, which was primarily attributable to proceeds from interest-bearing bank and other borrowings of RMB2,757.7 million, partially offset by repayment of interest-bearing bank and other borrowings of RMB1,851.9 million.

Working Capital

We have historically financed and will continue to finance our working capital through proceeds from the pre-sales and sales of properties, receipt of rental income, as well as borrowings from banks and other financial institutions.

For the years ended December 31, 2015, 2017 and the four months ended April 30, 2017, we recorded net operating cash outflows primarily due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by the proceeds received from our pre-sales and sales of the properties for the respective year, which we believe is consistent with our industry practice. See "– Liquidity and Capital Resources – Cash Flow – Net cash flows from/(used in) operating activities" for detailed information.

As confirmed by the Directors, we plan to satisfy our working capital requirement, including repayment obligations arising from our bank loans, principally through proceeds from pre-sales and sales of properties, new bank borrowings or re-financings and other borrowings and the net proceeds from the Global Offering. We intend to improve our cash inflow associated with pre-sales and sales of properties by strengthening our advertising and marketing efforts and enhancing the payment collection from our customers. Our Directors expect that we will have significant cash inflow from pre-sales and sales of properties which are currently under development. As of July 31, 2018, being the latest practicable date for the purpose of our indebtedness statement, we had total bank facilities of RMB7,454.0 million, with unused bank facilities of RMB1,304.4 million. We have been constantly seeking different means of financing opportunities, including seeking more bank facilities, as one of the measures to mitigate the liquidity risks. Our Directors are of the view that we have sufficient unused banking facilities and internal resources to repay our indebtedness as it becomes due to meet our capital commitments, including for both existing and future development projects.

Sufficiency of Working Capital

The Group has promulgated a financial management policy and other relevant policies to govern the approval and reporting processes of various treasury activities of the Group.

The Group's finance department leads and initiates the annual cash flow forecast exercise by confirming and consolidating cash flow forecast information from the Group companies as well as relevant departments of the Group. The consolidated cash flow forecast is approved and adopted by our senior management. The cash flow forecast is adjusted at least quarterly based on actual cash flow status of the Group. On a monthly basis, a monthly cash flow plan will be prepared to monitor the cash flow status of each of the Group companies.

All contracts with capital commitment are reviewed by the Group's finance department and legal department before submitted to our senior management for approval to ensure that the relevant business transactions and the Company's liquidity position are well managed as well as that the capital requirements under the PRC laws and regulations are complied with.

Taking into account our cash generated from operating activities, the estimated net proceeds from the Global Offering (based on the bottom end of the indicative Offer Price range set out in this prospectus) and our credit facilities maintained with banks, our Directors are of the opinion that we will have available sufficient working capital for our present requirements, that is for at least 12 months following the date of this prospectus.

Net Current Assets

The following table sets forth a breakdown of our current assets and current liabilities as of the dates indicated.

	As of December 31,			As of April 30, 2018	As of July 31, 2018
	2015	2016	2017		
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**
Current assets					
Available-for-sale investments	270,000	300,000	240,000	–	–
Properties under development	4,971,204	7,143,006	7,916,216	9,277,919	10,725,639
Completed properties held for sale	305,029	331,467	1,388,673	780,048	524,121
Trade receivables	11,047	7,161	38,924	31,592	3,246
Due from related companies	748,386	648,986	801,082	364,336	354,133
Due from a shareholder	–	300	600	–	–
Prepayments, deposits and other receivables	378,959	913,428	1,198,427	1,460,084	2,235,389
Tax recoverable	49,312	143,597	147,706	188,127	241,411
Restricted cash	87,946	123,826	211,110	582,957	595,449
Pledged deposits	106,524	15,237	14,933	9,483	8,569
Cash and cash equivalents	44,670	156,801	377,190	671,134	496,454
Total current assets	**6,973,077**	**9,783,809**	**12,334,861**	**13,365,680**	**15,184,411**
Current liabilities					
Trade payables	317,542	777,931	1,158,688	990,239	1,054,622
Other payables, deposits received and accruals	130,838	174,356	289,331	259,351	365,962
Contract liabilities	2,335,742	5,779,392	5,014,139	6,781,782	8,963,634
Due to related companies	–	185	143,790	2,304	2,740
Interest-bearing bank and other borrowings	1,255,392	1,492,900	590,227	1,813,433	1,637,285
Tax payable	284,694	264,727	309,692	334,465	299,611
Total current liabilities	**4,324,208**	**8,489,491**	**7,505,867**	**10,181,574**	**12,323,854**
Net current assets	**2,648,869**	**1,294,318**	**4,828,994**	**3,184,106**	**2,860,557**

Our net current assets decreased from RMB2,648.9 million as of December 31, 2015 to RMB1,294.3 million as of December 31, 2016, primarily due to a significant increase in contract liabilities as the pre-sale of our properties then under development increased, which was partially offset by an increase in properties under development as our property development activities increased. Our net current assets increased to RMB4,829.0 million as of December 31, 2017, primarily due to (i) a significant increase in completed properties held for sale, and (ii) significant decreases in interest-bearing bank and other borrowings and current liabilities, which were partially offset by an increase in trade payable as our property activities increased. Our net current assets subsequently decreased to RMB3,184.1 million as of April 30, 2018, primarily due to (i) significant increases in interest-bearing bank and other borrowings and contract liabilities, and (ii) decreases in completed properties held for sale due to our increased pre-sale of new property projects, partially offset by an increase in property under development. Our net current assets further decreased from RMB3,184.1 million as of April 30, 2018 to RMB2,860.6 million as of July 31, 2018, primarily due to an increase in contract liabilities as the pre-sale of our properties then under development increased, such as our projects Hai Jun Fu (海雋府) and Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)), which was partially offset by: (i) an increase in properties under development as our property development activities increased; and (ii) an increase in prepayments, deposits and other receivables due to increased upfront deposit or prepayments for participation in public tender, auction and listing-for-sale process for our projects.

CAPITAL EXPENDITURES

The table below sets forth our capital expenditures incurred in 2015, 2016, 2017 and the four months ended April 30, 2017 and 2018.

	For The Year Ended December 31,			For The Four Months Ended April 30,	
	2015	2016	2017	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**	*(RMB'000)*
Capital expenditures in respect of:					
Purchase of items of property, plant and equipment	58,673	51,712	26,437	4,256	12,437
Purchase of intangible assets	280	836	924	767	502
Total	**58,953**	**52,548**	**27,361**	**5,023**	**12,939**

For the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, we incurred capital expenditures of RMB59.0 million, RMB52.5 million, RMB27.4 million RMB5.0 million and RMB12.9 million, respectively. Our Directors estimate that our capital expenditure for the years ending December 31, 2018 and 2019 will be approximately RMB22.9 million and RMB23.5 million, respectively.

COMMITMENTS

Capital Commitments

The table below sets forth our capital commitments for our property development expenditures we had contracted but not yet provided for as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Contracted, but not provided for:				
Property development activities	1,676,454	590,621	922,070	1,054,826
Acquisition of land use rights	–	–	550,796	245,000
Capital contributions payable to an associate	–	2,000	–	–
Total	**1,676,454**	**592,621**	**1,472,866**	**1,299,826**

We intend to fund our capital commitments by using our cash flow generated from pre-sales/sales, bank loans and other borrowings and the net proceeds received from the Global Offering.

Operating Leases Commitments

The following table sets forth the total future minimum lease payments payable by us under non-cancellable operating leases as of the dates indicated.

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Within one year	1,937	1,987	1,462	3,924
In the second to fifth years, inclusive	1,987	–	825	4,281
Total	**3,924**	**1,987**	**2,287**	**8,205**

INDEBTEDNESS

The following table sets forth a breakdown of our loans and borrowings as of the dates indicated.

	As of December 31,			As of April 30,	As of July 31,
	2015	2016	2017	2018	2018
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**
Current					
Bank loans – secured	12,500	–	5,000	–	–
Bank loans – unsecured	25,000	25,500	20,000	20,000	20,000
Current portion of long term bank loans – secured	834,700	1,034,743	210,203	733,452	933,452
Current portion of long term bank loans – unsecured	15,000	–	–	–	–
Current portion of long term other loans – secured	368,192	432,657	355,024	961,148	585,000
Current portion of long term other loans – unsecured	–	–	–	98,833	98,833
Sub-total	**1,255,392**	**1,492,900**	**590,227**	**1,813,433**	**1,637,285**
Non-current					
Bank loans – secured	2,419,810	1,765,673	3,739,728	3,233,963	2,861,713
Other loans – secured	416,328	–	1,557,693	655,700	825,798
Other loans – unsecured	–	–	99,622	–	–
Sub-total	**2,836,138**	**1,765,673**	**5,397,043**	**3,889,663**	**3,687,511**
Total	**4,091,530**	**3,258,573**	**5,987,270**	**5,703,096**	**5,324,796**

Our total outstanding loans and borrowings (including trust and other financings) in aggregate amounted to RMB4,091.5 million, RMB3,258.6 million, RMB5,987.3 million and RMB5,703.1 million as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. The fluctuation of our total outstanding borrowings during the Track Record Period was primarily due to the changes in financial needs in light of our business development and expansion.

Certain of our bank loans and other borrowings are secured by pledges of property, plant and equipment, investment properties, properties under development, completed properties held for sale and pledged deposit. In addition, certain of our bank loans and other borrowings are also guaranteed by our Controlling Shareholders up to RMB2,768.4 million, RMB2,300.7 million, RMB3,972.7 million and RMB3,669.4 million as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. All such guarantees will be released prior to the Listing.

The table below sets forth aging analysis of our interest-bearing bank and other borrowings as of the dates indicated.

	As of December 31,			As of April 30, 2018	As of July 31, 2018
	2015	2016	2017		
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)* **(unaudited)**
Bank loans repayable:					
Within one year or on demand	887,200	1,060,243	235,203	753,452	953,452
In the second year	934,810	441,673	727,128	625,313	922,263
In the third to fifth years, inclusive	555,000	614,000	1,357,800	1,003,430	351,730
Beyond five years	930,000	710,000	1,654,800	1,605,220	1,587,720
Subtotal	**3,307,010**	**2,825,916**	**3,974,931**	**3,987,415**	**3,815,165**
Other borrowings repayable:					
Within one year or on demand	368,192	432,657	355,024	1,059,981	683,833
In the second year	416,328	–	1,657,315	655,700	825,798
Subtotal	**784,520**	**432,657**	**2,012,339**	**1,715,681**	**1,509,631**
Total	**4,091,530**	**3,258,573**	**5,987,270**	**5,703,096**	**5,324,796**

Certain of our loan and other borrowing agreements contain restrictive covenants which include, among other things, (i) that the borrower must notify the lender or obtain consent from the lender prior to incurring additional indebtedness, or division, merger, joint venture, reorganization, application for bankruptcy, change of registered capital and other material events that may affect the borrower's ability to repay the loans; (ii) that the borrower must obtain consent from the lender before providing guarantees in favor of any third party and before making advanced payment of the outstanding principal and interest and must not conduct any activities which may adversely affect its financial condition and its performance of the obligations under the loan or borrowing agreement; (iii) the borrower must not change the use of the borrowings without the prior consent of the lender; (iv) the borrower must not pay any dividend or other distribution without the lender's prior consent before the repayment of the outstanding principal, interest and any other amounts due under the loan agreements and (v) the borrower must not pay any dividend or other distribution where there is no net profit or there is a net loss, or where net profit is insufficient to make up for the losses in the previous fiscal year, or where the profit before tax has not been used to pay off the principal, interest and other amounts becoming due during the fiscal year, or where the profit before tax is insufficient to pay off the principal, interest and other amounts due in the next period. These restrictions may limit our ability to pay dividends or make other distributions to the Company in the future. As confirmed by the Directors, none of the dividend declarations and/or payments made by the Group during the Track Record Period and up to the Latest Practicable Date violated the terms of any relevant loan or borrowing agreement.

The weighted average effective interest rates on our total borrowings, which represent actual borrowing cost incurred during the year or period divided by weighted average borrowings that are outstanding during the year or period, for the three years ended December 31, 2017 and the four months ended April 30, 2018 were 10.1%, 9.3%, 10.1% and 10.2%, respectively.

As of July 31, 2018, being the latest practicable date for the purpose of this indebtedness statement, we had total bank facilities of RMB7,454.0 million, with unused bank facilities of RMB1,304.4 million.

On August 24, 2018, we entered into a financing arrangement with Hangzhou Industrial Commercial Trust Co., Ltd. (杭州工商信託股份有限公司) for the development of Xuzhou Dafa Bliss Oriental with a total principal amount of RMB300.0 million, at an annual interest rate of 12.0% with a maturity of 12 or 18 months from the first drawdown date depending on the time of the second drawdown.

On 29 August 2018, we entered into a loan agreement with Shanghai Bank with a total principal amount of RMB300 million, a term of one year and an annual interest rate of 17.0% for our property development. We entered into another loan agreement with Shanghai Bank on September 25, 2018 with a total principal amount of RMB250 million, a term of two years and an annual interest rate of 16.0% for our property development.

Except as disclosed in "– Indebtedness," we did not have outstanding mortgages, charges, debentures, loan capital, bank overdrafts, loans, debt securities or other similar indebtedness, finance leases or hire purchase commitments, liabilities under acceptances or acceptance credits as of July 31, 2018.

Save as disclosed, there had been no material change in our indebtedness position since July 31, 2018, being the latest practicable date for the purposes of our indebtedness statement. During the Track Record Period and up to the Latest Practicable Date, our Directors have confirmed that we did not (a) experience any difficulty in obtaining credit facilities, (b) experience any withdrawal of banking facilities by a bank or receive any request to make early repayment, or (c) default in the payment or breach of the financial covenants of its bank borrowings.

CONTINGENT LIABILITIES

Mortgage Guarantees

We provide guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. As of December 31, 2015, 2016, 2017 and April 30, 2018, the total amount of guarantees given by us to the banks for mortgage facilities amounted to RMB772.2 million, RMB1,901.1 million, RMB2,552.3 million and RMB2,371.0 million, respectively. These include guarantees which will be terminated upon the completion of the transfer procedures with the purchasers in respect of the legal title of the properties, and guarantees which will be terminated upon the full repayment of mortgage loans by the purchasers to the banks.

We do not consider it probable that it will sustain a loss under these guarantees as the banks have the right to sell the property and recover the outstanding loan balances from the sale proceeds if the property purchasers default on these payment obligations. We have not recognized any deferred income in respect of these guarantees as their fair value is considered to be minimal by us.

Legal Contingencies

In the normal course of business, we may be involved in lawsuits and other proceedings. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, we believe that any resulting liabilities will not, individually or in the aggregate, have a material adverse effect on our financial position or results of operations.

As of the Latest Practicable Date, we had no other material contingent liabilities other than those disclosed in this prospectus.

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

Except for the contingent liabilities disclosed above, as of April 30, 2018, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings or other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

MARKET RISKS

We are exposed to various types of market risks from our use of financial instruments, in the normal course of our operations, mainly including credit risk, liquidity risk, interest rate risk and foreign currency risk.

Credit Risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations. The credit risk of the Group's other financial assets, which mainly comprise restricted cash, pledged deposits, cash and cash equivalents, other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments. The Group did not record any significant bad debt losses as of December 31, 2015, 2016, 2017 and April 30, 2018.

We adopted IAS 39 to assess our credit risk for the three years ended December 31, 2017 and started applying IFRS 9 instead since January 1, 2018. Since January 1, 2018, we have established a policy to perform the assessment of credit risk on whether a financial instrument's credit risk has increased significantly since initial recognition by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Liquidity Risk

Liquidity risk is the risk that an enterprise may encounter deficiency of funds in meeting obligations associated with financial liabilities. We regularly monitor our liquidity requirements and our compliance with lending covenants to ensure that we maintain sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet our liquidity requirements in the short and long terms.

The tables below show the contractual maturities as of the dates indicated of our non-derivative financial liabilities, which are based on contractual undiscounted payments:

As of December 31, 2015

	On demand	Less than 3 months or on demand	3 to 12 months	Over 1 year	Total
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Interest-bearing bank and other borrowings	–	502,910	898,635	3,517,855	4,919,400
Trade payables	317,542	–	–	–	317,542
Other payables	80,288	–	–	–	80,288
Total	**397,830**	**502,910**	**898,635**	**3,517,855**	**5,371,230**

As of December 31, 2016

	On demand	Less than 3 months or on demand	3 to 12 months	Over 1 year	Total
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Interest-bearing bank and other borrowings	–	109,128	1,584,439	2,181,838	3,875,405
Trade payables	777,931	–	–	–	777,931
Other payables	117,921	–	–	–	117,921
Due to related companies	185	–	–	–	185
Total	**896,037**	**109,128**	**1,584,439**	**2,181,838**	**4,771,442**

As of December 31, 2017

	On demand	Less than 3 months or on demand	3 to 12 months	Over 1 year	Total
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Interest-bearing bank and other borrowings	–	118,739	905,813	6,588,384	7,612,936
Trade payables	1,158,688	–	–	–	1,158,688
Other payables	191,831	–	–	–	191,831
Due to related companies	143,790	–	–	–	143,790
Total	**1,494,309**	**118,739**	**905,813**	**6,588,384**	**9,107,245**

As of April 30, 2018

	On demand	Less than 3 months or on demand	3 to 12 months	Over 1 year	Total
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Interest-bearing bank and other borrowings	–	107,322	2,004,339	5,061,373	7,173,034
Trade payables	990,239	–	–	–	990,239
Other payables	189,215	–	–	–	189,215
Due to related companies	2,304	–	–	–	2,304
Total	**1,181,758**	**107,322**	**2,004,339**	**5,061,373**	**8,354,792**

Interest Rate Risk

Our interest rate risk results primarily from our interest-bearing bank and other borrowings. Interest-bearing bank and other borrowings issued at variable rates expose us to cash flow interest rate risk.

As of April 30, 2018, it is estimated that a general increase of 100 basis points in the interest rates of our bank and other borrowings, with all other variables held constant, through the impact on floating rate borrowings, would have decreased our profit before tax by approximately RMB4.5 million.

As of December 31, 2017, it is estimated that a general increase of 100 basis points in the interest rates of our bank and other borrowings, with all other variables held constant, through the impact on floating rate borrowings, would have decreased our profit before tax by approximately RMB3.8 million.

As of December 31, 2016, it is estimated that a general increase of 100 basis points in the interest rates of our bank and other borrowings, with all other variables held constant, through the impact on floating rate borrowings would have decreased our profit before tax by approximately RMB6.2 million.

As of December 31, 2015, it is estimated that a general increase of 100 basis points in the interest rates of our bank and other borrowings, with all other variables held constant, through the impact on floating rate borrowings would have decreased our profit before tax by approximately RMB6.6 million.

The sensitivity analysis above assumes that the changes in interest rates would have occurred as of the dates indicated and had been applied to all of our floating rate loans and borrowings from financial institutions, without taking into account the impact of interest capitalization. Our Directors do not anticipate significant impacts to interest-bearing assets resulting from changes in interest rates.

Foreign Currency Risk

Our business is principally conducted in RMB and most of our monetary assets and liabilities are denominated in RMB. We may be subject to foreign currency risk as certain of our cash at bank were denominated in U.S. dollars. For details, please see "Appendix I – Note 40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES – (c) Foreign Currency Risk."

DIVIDEND AND DISTRIBUTABLE RESERVES

Our distributable reserves as of December 31, 2015, 2016 and 2017 were RMB1,375.6 million, RMB1,400.3 million and RMB1,395.8 million, respectively. In 2017, we declared dividends of RMB142.0 million to the then shareholders of our subsidiaries and dividends of RMB4.5 million to the non-controlling shareholders of a subsidiary and had paid such dividend as of the Latest Practicable Date. In 2015, we paid a dividend of RMB20.0 million to the then shareholder of one of our subsidiaries.

The Company has no fixed dividend policy and, subject to compliance with the relevant laws of the Cayman Islands and the Articles, the Board has absolute discretion in determining whether to recommend a declaration of any dividend for any period, and the amount of dividend to be paid. In determining any dividend payment, the Board will evaluate the Company's earnings, cash flow, financial condition, capital requirements, prevailing economic conditions and any other factors that the Directors deem relevant. There can be no assurance that dividends will be paid in any amount in the future, or at all.

Certain of our Subsidiaries are subject to restrictions on dividend payment under certain outstanding loan agreements. As confirmed by the Directors, none of the dividend declarations and/or payments made by us during the Track Record Period and up to the Latest Practicable Date was in violation of any restrictions in its loan agreements.

KEY FINANCIAL RATIOS

	For The Year Ended and as of December 31,			For The Four Months Ended and as of
	2015	2016	2017	April 30, 2018
Gross profit margin (%)(1)	15.6	16.9	14.4	30.1
Net profit margin (%)(2)	7.8	3.1	3.2	8.8
Return on equity (%)(3)	2.7	1.1	7.3	12.3
Current ratio (times)(4)	1.6	1.2	1.6	1.3
Net gearing ratio (%)(5)	196.5	150.0	270.8	235.6
Interest coverage ratio (times)(6)	0.6	0.4	0.7	0.7

Notes:

(1) Gross profit margin for the three years ended December 31, 2017 and the four months ended April 30, 2018 was calculated based on our gross profit of respective periods divided by our revenue of respective periods and multiplied by 100.

(2) Net profit margin for the three years ended December 31, 2017 and the four months ended April 30, 2018 was calculated based on our net profit of respective periods divided by our revenue of respective periods and multiplied by 100.

(3) Return on equity for each of the years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2018 was calculated based on our net profit of the respective years or annualized periods, as the case may be, divided by total equity as of the end of the respective periods and multiplied by 100.

(4) Current ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 were calculated based on our total current assets as of the respective dates divided by our total current liabilities as of the respective dates.

(5) Net gearing ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 were calculated as total interest-bearing bank and other borrowings less cash and bank balances divided by total equity as of the end of the respective periods and multiplied by 100.

(6) Interest coverage ratios for each of the years ended December 31, 2015, 2016, 2017 and the four months ended April 30, 2018 were calculated based on our profit for the year/period before income tax expenses, adding interest expenses in our consolidated financial statements, divided by our interests on interest-bearing bank and other borrowings and interests from significant financing component of contract liabilities, which include capitalized interests for the respective year/period.

Gross Profit Margin

Our gross profit margin was 15.6%, 16.9%, 14.4%, 29.9% and 30.1% in the three years ended December 31, 2017 and the four months ended April 30, 2017 and 2018, respectively. See "– Management's Discussion and Analysis of Results of Operations" in this section for a detailed discussion.

Net Profit Margin

Our net profit margin was 7.8%, 3.1%, 3.2% and 8.8% in the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively. Our net profit margin decreased from 7.8% for the year ended December 31, 2015 to 3.1% and 3.2% for the year ended December 31, 2016 and 2017, respectively primarily due to (i) increases in our selling and distribution expenses, administrative expenses, other expenses and finance costs, mainly as a result of the expansion of our property development and sales business in 2016 and 2017, and (ii) decreases in fair value gains on investment properties in 2016 and 2017. See "– Description of Selected Line Items of Statements of Profit or Loss – Gross Profit and Gross Profit Margin" and "– Management's Discussion and Analysis of Results of Operations" in this section for a detailed discussion.

Return on Equity

Our return on equity was 2.7%, 1.1%, 7.3% and 12.3% for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively. The decrease in our return on equity from 2.7% for the year ended December 31, 2015 to 1.1% for the year ended December 31, 2016 was due to a decrease in our net profit primarily as a result of (i) increases in our selling and distribution expenses, administrative expenses, other expenses and our finance costs, mainly as a result of the expansion of our property development and sales business, and (ii) a decrease in fair value gains on investment properties. The significant increase in our return on equity from 1.1% for the year ended December 31, 2016 to 7.3% for the year ended December 31, 2017, and further to 12.3% for the four months ended April 30, 2018 was primarily attributable to an increase in revenue from property development and sales. The increase in our return on equity from 7.3% for the year ended December 31, 2017 to 12.3% for the four months ended April 30, 2018 was also attributable to the decrease in our total equity, or net assets, from RMB1,988.0 million as of December 31, 2017 to RMB1,884.7 million as of April 30, 2018 primarily due to: (i) the acquisition of the entire equity interest in Shanghai Dafa by Wenzhou Kaiyang and the equity transfer from Shanghai Win Investment Development to Shanghai Dafa; (ii) the allotment and issue of Shares by our Company to Splendid Sun, Glorious Villa and He Hong; and (iii) our profit attributable to the owners of the parent for the four months ended April 30, 2018 of approximately RMB78.7 million. For details for the aforesaid acquisition, equity transfer and allotment and issue of Shares, please refer to "Our History and Reorganization – Reorganization."

Current Ratio

Our current ratio was 1.6, 1.2, 1.6 and 1.3 as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. The decrease in our current ratio from 1.6 as of December 31, 2015 to 1.2 as of December 31, 2016 was primarily due to an increase in our current liabilities as a result of an increase in contract liabilities. The increase in our current ratio from 1.2 as of December 31, 2016 to 1.6 as of December 31, 2017 was primarily due to an increase in current assets as a result of an increase in completed properties held for sale. The decrease in our current ratio from 1.6 as of December 31, 2017 to 1.3 as of April 30, 2018 was primarily due to an increase in our contract liabilities and an increase in the current portion of our long term bank loans and other borrowings.

Net Gearing Ratio

Our net gearing ratio was 196.5%, 150.0%, 270.8% and 235.6% as of December 31, 2015, 2016, 2017 and April 30, 2018, respectively. The fluctuations in our net gearing ratios as of December 31, 2015, 2016, 2017 and April 30, 2018 reflected the changes in our balances of interest-bearing bank and other borrowings as of the respective dates. The significant decrease in our net gearing ratio from 2015 to 2016 was primarily because our total loans and borrowings decreased from RMB4,091.5 million as of December 31, 2015 to RMB3,258.6 million as of December 31, 2016 due to repayment of interest-bearing bank and other borrowings of RMB1,972.1 million using pre-sale proceeds primarily from our projects Dafa Bliss Garden (大發融悅花園), Dafa Bliss Huating (大發融悅華庭) and Kaixin Jinyuan A (凱欣錦園A), partially offset by proceeds from interest-bearing bank and other borrowings of RMB1,124.5 million primarily for the development of our project Dafa Bliss Four Seasons (大發融悅四季). Our net gearing ratio increased significantly from 150.0% as of December 31, 2016 to 270.8% as of December 31, 2017 primarily due to an increase in our interest-bearing bank and other borrowings from RMB3,258.6 million as of December 31, 2016 to RMB5,987.3 million as of December 31, 2017 due to proceeds from interest-bearing bank and other borrowings of RMB5,978.8 million primarily for the development of our projects Dafa Bliss Four Seasons (大發融悅四季), Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)), Kaize Jinyuan (凱澤錦園), Bliss Xinjie Residence (融悅新界公

館) and Hai Jun Fu (海雋府), partially offset by repayment of interest-bearing bank and other borrowings of RMB3,249.4 million using pre-sale proceeds primarily from our projects Kaixin Jinyuan A (凱欣錦園A), Kaixin Jinyuan B (凱欣錦園B) and Dafa Bliss Huating (大發融悅華庭). The decrease in our net gearing ratio from 270.8% as of December 31, 2017 to 235.6% as of April 30, 2018 was primarily due to a significant increase in our cash and cash equivalents from RMB337.2 million as of December 31, 2017 to RMB671.1 million as of April 30, 2018 due to pre-sale proceeds from our projects Dafa Bliss Four Seasons (大發融悅四季), Hai Jun Fu (海雋府) and Dafa Bliss Oriental (Wenzhou) (大發融悅東方(溫州)).

Interest Coverage Ratio

Our interest coverage ratio was 0.6, 0.4, 0.7 and 0.7 for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively. Our interest coverage ratio decreased from 0.6 for the year ended December 31, 2015 to 0.4 for the year ended December 31, 2016 primarily because our interest on interest bearing borrowings increased at a faster pace than our operating profit. Our interest coverage ratio increased from 0.4 for the year ended December 31, 2016 to 0.7 for the year ended December 31, 2017 primarily because our operating profit increased more significantly than our interest on interest bearing borrowings. Our interest coverage ratio remained stable at 0.7 for the four months ended April 30, 2018.

SENSITIVITY ANALYSIS OF HISTORICAL RESULTS

For illustrative purposes only, the following table demonstrates the sensitivity of our net profit during the Track Record Period to hypothetical changes in cost of sales:

Hypothetical Changes in Cost of Sales	Net Profit									
	For The Year Ended December 31,						For The Four Months Ended April 30,			
	2015		2016		2017		2017		2018	
	(RMB'000, except for percentages)									
8%	32,751	-38.7%	3,307	-84.9%	-66,205	-145.9%	-69,345	7.1%	43,804	-43.5%
6%	37,918	-29.0%	7,944	-63.7%	-13,613	-109.4%	-68,197	5.3%	52,241	-32.6%
4%	43,084	-19.3%	12,581	-42.4%	38,979	-73.0%	-67,050	3.5%	60,679	-21.8%
2%	48,251	-9.7%	17,218	-21.2%	91,572	-36.5%	-65,902	1.8%	69,116	-10.9%
0	53,418	0.0%	21,855	0.0%	144,164	0.0%	-64,755	0.0%	77,554	0.0%
-2%	58,585	9.7%	26,492	21.2%	196,756	36.5%	-63,608	-1.8%	85,992	10.9%
-4%	63,752	19.3%	31,129	42.4%	249,349	73.0%	-62,460	-3.5%	94,429	21.8%
-6%	68,918	29.0%	35,766	63.7%	301,941	109.4%	-61,313	-5.3%	102,867	32.6%
-8%	74,085	38.7%	40,403	84.9%	354,533	145.9%	-60,165	-7.1%	111,304	43.5%

LISTING EXPENSES

The listing expenses in connection with the Global Offering consist primarily of underwriting commissions and professional fees. During the Track Record Period, we incurred listing expenses of approximately RMB20.9 million, of which RMB15.7 million was charged to our consolidated statements of profit or loss and RMB5.2 million was charged to our consolidated statements of financial position. In particular, RMB3.3 million and RMB12.4 million was charged to our consolidated statements of profit or loss for the year ended December 31, 2017 and the four months ended April 30, 2018, respectively. We currently expect to incur further expenses amounting to RMB66.5 million subsequent to the end of the Track Record Period, of which RMB31.7 million will be charged to our consolidated statements of profit or loss and RMB34.8 million will be charged to our equity. Our Directors do not expect such expenses to have a material adverse impact on our financial results for the year ending December 31, 2018.

UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to the owners of our Company as of April 30, 2018 as if it had taken place on April 30, 2018.

The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of our Group had the Global Offering been completed as of April 30, 2018 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of our Company as of April 30, 2018 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of our Company does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible assets attributable to owners of the Company as of April 30, 2018	Estimated net proceeds from the Global Offering	Unaudited pro forma adjusted consolidated net tangible assets	Adjusted consolidated net tangible assets attributable to owners of the Company per Share	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$3.28 per Offer Share. . .	1,884,744	512,795	2,397,539	3.00	3.43
Based on an Offer Price of HK$4.98 per Offer Share. . .	1,884,744	798,046	2,682,790	3.35	3.83

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of April 30, 2018 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of April 30, 2018 of approximately RMB1,886.5 million after deducting intangible assets of RMB1.7 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.28 per Offer Share or HK$4.98 per Offer Share, after deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.8740.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 800,000,000 Shares to be issued immediately following the Capitalisation Issue and the Global Offering but does not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.8740.

RELATED PARTY TRANSACTIONS

The related party transactions during the Track Record Period are as set forth in Note 37 to the Accountants' Report in Appendix I.

The following table sets forth a breakdown of our related party balances as of the dates indicated:

	As of December 31,			As of April 30,
	2015	2016	2017	2018
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Due from a shareholder:				
Non trade-related:				
Ms. Jin Linyin	–	300	600	–
Due from related companies:				
Non trade-related:				
Dafa Group	372,735	368,436	587,609	244,613
Shanghai Win Investment Development	85,100	85,100	92,623	92,623
Shanghai Kaixuan Industrial Co., Ltd.	10,100	10,100	28,600	27,100
Kaiyuan Financial Holding Investment Co., Ltd.	133,250	67,250	35,250	–
Nanjing Kaiouning Trading Co., Ltd.	32,000	32,000	32,000	–
Anqing Sijia Trading Co., Ltd.	29,700	25,000	25,000	–
Nanjing Kaixuanrun	75,201	60,600	–	–
Wenzhou Ruihongqiang Trading Co., Ltd.	500	500	–	–
Wenzhou Dafa Trading Co., Ltd.	5,000	–	–	–
Anqing Yingjian Building Material Co., Ltd.	4,800	–	–	–
	748,386	648,986	801,082	364,336
Due to related companies:				
Non trade-related:				
Dafa Group	–	–	124,953	–
Shanghai Win Investment Development	–	–	17,007	–
Shanghai Kaixuan Industrial Co., Ltd.	–	150	–	–
	–	150	141,960	–
Due to related companies:				
Trade-related:				
Dafa Group	–	–	1,728	2,304
Shanghai Qijie	–	35	102	–
	–	35	1,830	2,304

The amounts advanced to the Group from the Controlling Shareholders and their respective close associates were approximately RMB463.3 million, RMB328.1 million, RMB1,037.7 million and RMB886.2 million for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively. The amounts advanced from the Group to the Controlling Shareholders and their respective close associates were approximately RMB727.8 million, RMB229.0 million, RMB1,190.1 million and RMB449.4 million for the three years ended December 31, 2017 and the four months ended April 30, 2018, respectively.

A significant portion of these balances arose when our Company had not been established as the onshore holding company of our Group and Dafa Group was the direct parent company of our business prior to the Reorganization. At that time, Dafa Group centralized all the funding needs of its subsidiaries and affiliates, including our Subsidiaries, and allocated funds among its group companies based on a centralized fund management mechanism and on an interest free basis. Funds under Dafa Group's centralized management comprise internal cash resources generated from operations and external borrowings of Dafa Group, its subsidiaries and affiliates. The foregoing balances were subsequently classified as related party balances following the Reorganization and Dafa Group became our connected person. In order to meet the requirement for financial independence, our Group and Dafa Group discontinued the centralized management mechanism in April 2018. Our Directors confirm that all non-trade related amounts due from and to related companies will be fully settled before Listing. In addition, our Directors further confirm that all non-trade related amounts due to or from, and loans or guarantees provided by, our Controlling Shareholders and their respective close associates, will be fully repaid or released before Listing.

Our allocation of funds involved the lending of money which may not be in compliance with the *General Lending Provisions* (《貸款通則》), a regulation promulgated by the PBOC in 1996. According to the General Lending Provisions, only financial institutions may legally engage in the business of extending loans, and loans as between companies that are not financial institutions are prohibited. The PBOC may impose penalties on the lender equivalent to one to five times of the income generated (being interests charged) from loan advancing activities. However, according to the *Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases* (《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》) (the "**Provisions**") promulgated on June 23, 2015 and effective on September 1, 2015, loans among companies are legal if extended for purposes of financing production or business operations. PRC courts will also support a company's claim for interest in respect of such a loan as long as the annual interest rate does not exceed 24%. Pursuant to the *Notice of the Supreme People's Court on Conscientiously Studying, Implementing and Applying the Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Private Lending Cases* (最高人民法院關於認真學習貫徹適用《最高人民法院關於審理民間借貸案件適用法律若干問題的規定》的通知) published on August 25, 2015, the Provisions shall apply to loans entered into prior to the implementation of the Provisions that are invalid under the former judicial interpretations but valid under the Provisions.

As confirmed by the Directors, all the advances to and from us are for the purposes of business operations and are interest-free and we have not received any illegal incomes. As of the Latest Practicable Date, we had not received any notice of claim or penalty relating to the loans. As advised by our PRC Legal Adviser, given that no illegal income was received by us, the risk that we will be imposed a fine amounting to one to five times of illegal income on the companies in respect of the intra-group financing arrangement pursuant to the General Lending Provisions is low.

See "Relationship with Our Controlling Shareholders – Independence from our Controlling Shareholders – Financial Independence."

PROPERTY INTERESTS AND PROPERTY VALUATION

JLL, an independent property valuer, has valued our property interests as of June 30, 2018 and is of the opinion that the aggregate value of our property interests as of such date was RMB16,989.9 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus.

A reconciliation of the net book value of our properties as of April 30, 2018 as set out in "Accountants' Report" in Appendix I to their fair value as of June 30, 2018 as stated in the property valuation report set out in "Property Valuation Report" in Appendix III is set out below:

	RMB in thousands
Net book value of the following assets of the Group as of April 30, 2018	12,595,167
– *investment properties*	2,537,200
– *properties under development*	9,277,919
– *completed properties held for sale*	780,048
Addition	1,044,645
Less: sales of completed properties held for sale	79,108
Net book value of the following assets of the Group as of June 30, 2018	13,560,704
Valuation surplus, before tax	3,429,196[1]
Valuation of properties of the Group as of June 30, 2018 as set out in the Property Valuation Report in Appendix III	16,989,900[1]

Note:

(1) We have obtained the relevant land use rights certificates dated August 1, 2018, July 20, 2018 and August 14, 2018 for our three project lands at the southern side of Yancheng Wuzhou International Plaza, Xuzhou Dafa Bliss Oriental and Huzhou Bliss Jinyuan, respectively. JLL, an independent property valuer, is of the opinion that the aggregate value of these three property interests as of June 30, 2018 was RMB955.2 million. For details, see "Property Valuation Report" in Appendix III.

SUBSEQUENT EVENTS

Our business operations had remained stable after the Track Record Period and up to the date of this prospectus as there were no material changes to our business models and the general economic and regulatory environment in which we operate.

During the period from April 30, 2018 and up to the Latest Practicable Date, we had secured 16 projects, out of which ten land parcels were secured through public tender, auction or listing-for-sale process with a total site area of 351,359 sq.m. at an aggregate consideration of approximately RMB2,457.2 million. Such ten land parcels are located in ten cities including Huzhou, Zhenjiang, Yancheng, Xuzhou, Wuhu, Ningbo, Jiaxing, Chengdu, Chongqing and Qingyuan. For the remaining six projects, we have acquired or entered into agreements to acquire equity interests in companies that possess or have the rights to possess land use rights for these projects. Such six projects have a total site area of 221,769 sq.m. and we intend to develop these projects together with other independent third parties. See "Business – Property Development and Sales Process – Land Acquisition – Acquisition of Equity Interests or Investments in Companies."

On August 24, 2018, we entered into a financing arrangement with Hangzhou Industrial Commercial Trust Co., Ltd. (杭州工商信託股份有限公司) for the development of Xuzhou Dafa Bliss Oriental with a total principal amount of RMB300.0 million, at an annual interest rate of 12.0% with a maturity of 12 or 18 months from the first drawdown date depending on the time of the second drawdown.

On 29 August 2018, we entered into a loan agreement with Shanghai Bank with a total principal amount of RMB300 million a term of one year and an annual interest rate of 17.0% for our property development. We entered into another loan agreement with Shanghai Bank on September 25, 2018 with a total principal amount of RMB250 million, a term of two years and an annual interest rate of 16.0% for our property development.

Except as disclosed above, there were no material subsequent events undertaken by our Group after April 30, 2018, being the date on which our latest audited consolidated financial statements were prepared, up to the date of this prospectus.

NO MATERIAL ADVERSE CHANGE

The Directors have confirmed that, since April 30, 2018 and up to the date of this prospectus, there had been no material adverse change in our financial position or prospects and no event had occurred that would materially and adversely affect the information shown in the accountants' report in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

As of the Latest Practicable Date, there were no circumstances which would have given rise to any disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules in respect of us.

THE CORNERSTONE PLACING

The Company has entered into cornerstone investment agreements with certain investors (the "**Cornerstone Investors**", and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be purchased for in an aggregate amount of approximately US$19,940,737.9 (approximately HK$156,465,000[1]) at the Offer Price (the "**Cornerstone Placing**").

Based on the Offer Price of HK$3.28 (being the low-end of the proposed Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 47,702,000, representing approximately (i) 26.50% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 22.72% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 23.85% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 20.74% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 5.96% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 5.75% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$4.13 (being the mid-point of the proposed Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 37,884,000, representing approximately (i) 21.05% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 18.04% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 18.94% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 16.47% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 4.74% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 4.56% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

Based on the Offer Price of HK$4.98 (being the high-end of the proposed Offer Price range), the total number of Shares to be subscribed by the Cornerstone Investors would be 31,418,000, representing approximately (i) 17.45% of the International Offer Shares, assuming that the Over-allotment Option is not exercised; (ii) 14.96% of the International Offer Shares, assuming that the Over-allotment Option is fully exercised; (iii) 15.71% of the Offer Shares, assuming that the Over-allotment Option is not exercised; (iv) 13.66% of the Offer Shares, assuming that the Over-allotment Option is fully exercised; (v) 3.93% of the Shares in issue upon completion of the Global Offering, assuming that the Over-allotment Option is not exercised; or (vi) 3.79% of the Shares in issue upon completion of the Global Offering, assuming the Over-allotment Option is fully exercised.

1 Calculated based on an exchange rate of US$1:HK$7.8465 as described in "Information about this Prospectus and the Global Offering – Exchange Rate Conversion" in this prospectus. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by the Company on or around October 10, 2018.

The Cornerstone Placing forms part of the International Offering. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of the Company. None of the Cornerstone Investors will subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective cornerstone investment agreements). Immediately following completion of the Global Offering, none of the Cornerstone Investors will have any Board representation in the Company, nor will any of the Cornerstone Investors become a substantial Shareholder (as defined in the Listing Rules). The Offer Shares to be subscribed for by the Cornerstone Investors may be adjusted by any reallocation of the Offer Shares between the International Offering and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in "Structure of the Global Offering – The Hong Kong Public Offering."

CORNERSTONE INVESTORS

The Company has entered into cornerstone investment agreements with each of the following Cornerstone Investors in respect of the Cornerstone Placing:

Cornerstone Investor	Investment Amount	Indicative Offer Price[(2)]	Number of Shares to be Subscribed for	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentage of the International Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Offer Shares (assuming that Over-allotment Option is exercised in full)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that Over-allotment Option is not exercised)	Approximate percentages of the Shares in issue immediately following completion of the Global Offering (assuming that the Overallotment Option is exercised in full)
Everbright Xinglong Trust	HK$78,000,000	3.28	23,780,000.00	13.21%	11.32%	11.89%	10.34%	2.97%	2.87%
		4.13	18,886,000.00	10.49%	8.99%	9.44%	8.21%	2.36%	2.28%
		4.98	15,662,000.00	8.70%	7.46%	7.83%	6.81%	1.96%	1.89%
Foshan Shunde Jianshi Enterprise Asset Management Co., Ltd. (佛山市順德區健實企業資產管理有限公司) ("**Foshan Shunde Jianshi**").	US$10,000,000 (approximately HK$78,465,000)[(1)]	3.28	23,922,000.00	13.29%	11.39%	11.96%	10.40%	2.99%	2.88%
		4.13	18,998,000.00	10.55%	9.05%	9.50%	8.26%	2.37%	2.29%
		4.98	15,756,000.00	8.75%	7.50%	7.88%	6.85%	1.97%	1.90%

Notes:

(1) Calculated based on the exchange rate of US$1:HK$7.8465 as described in "Information about this Prospectus and the Global Offering – Exchange Rate Conversion" in this prospectus. The actual investment amount of each Cornerstone Investor may change due to the actual exchange rate to be used as prescribed in the relevant cornerstone investment agreement.

(2) Being the low-end, mid-point and high-end of the proposed Offer Price range set out in this prospectus respectively.

The information about our Cornerstone Investors set forth below has been provided by the Cornerstone Investors in connection with the Cornerstone Placing:

1. Everbright Xinglong Trust

Everbright Xinglong Trust is a financial institution established by China Everbright Group Corporation Limited (中國光大集團股份公司) ("**China Everbright Group**") in 2014, which was approved by the CBRC. The predecessor of the Everbright Xinglong Trust is Gansu Trust Investment Corporation (甘肅省信託投資公司). It is one of the four major subsidiaries of China Everbright Group engaging in financial business.

China Everbright Group is a state-owned key enterprise established in 1983. It is a large financial holding group with domestic and overseas businesses covering banking, securities, insurance, fund, trust, futures, lease, investment, environment protection, culture and tourism and pharmaceuticals.

2. Foshan Shunde Jianshi

Foshan Shunde Jianshi, a company established in the PRC, is primarily engaged in consulting services and asset management and is owned by Mr. Li Zhaoqiang (李昭強) and Ms. Li Hui (李輝) as to 90% and 10%, respectively.

Ms. Li Hui is the executive director of Foshan Shunde Jianshi. Mr. Li Zhaoqiang is the president of Shandong Luyitong Intelligent Electric PLC. (山東魯億通智能電氣股份有限公司), a company listed on the ChiNext of Shenzhen Stock Exchange (深圳證券交易所創業板) (Stock Code: 300423). Ms. Li Hui is Mr. Li Zhaoqiang's mother.

As of the Latest Practicable Date, Everbright Xinglong Trust held 20.18% equity interest in Anqing Yinyi Real Estate and therefore a substantial shareholder of our subsidiary. Since Anqing Yinyi Real Estate is an insignificant subsidiary as defined in Rule 14A.09 of the Listing Rules, Everbright Xinglong Trust is not a connected person of the Company under the Listing Rules.

To the best knowledge of the Company, save as disclosed above, each of the Cornerstone Investors and their respective ultimate beneficial owners is independent of each other, independent of the Company, its connected persons and their respective associates, and not an existing shareholder or close associates of the Company.

CONDITIONS PRECEDENT

The subscription obligation of each Cornerstone Investor is subject to, among other things, the following conditions precedent: (i) the Hong Kong Underwriting Agreement and the International Underwriting Agreement having been entered into and having become unconditional (in accordance with their respective original terms or as subsequently waived or varied by agreement of the parties thereto) and not having been terminated; and (ii) the Listing Committee of the Stock Exchange having granted the Listing of, and permission to deal in, the Shares and that such approval or permission not having been revoked.

RESTRICTIONS ON THE CORNERSTONE INVESTORS' INVESTMENT

Each of the Cornerstone Investors has agreed that without the prior written consent of the Company and the relevant underwriter(s), it will not, whether directly or indirectly, at any time during the period of six (6) months starting from and inclusive of the Listing Date, (a) dispose of (as defined in the relevant cornerstone investment agreement) any of the relevant Offer Shares or any interest in any company or entity holding any of the relevant Offer Shares, other than in certain limited circumstances such as transfers to any wholly-owned subsidiary of such Cornerstone Investor provided that, amongst other requirements, such wholly-owned subsidiary undertakes to, and the Cornerstone Investor undertakes to procure that such subsidiary will, abide by such restrictions imposed on the Cornerstone Investor, (b) allow itself to undergo a change of control (as defined in the Takeovers Code) at the level of its ultimate beneficial owner, or (c) enter into any transactions directly or indirectly with the same economic effect as any aforesaid transaction.

FUTURE PLANS

See "Business – Our Strategies" for a detailed description of our future plans.

USE OF PROCEEDS

The table below sets forth the estimate of the net proceeds of the Global Offering which we will receive after deduction of underwriting fees and commissions and estimated expenses payable by us in connection with the Global Offering:

	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
Assuming an Offer Price of HK$4.13 per Offer Share (being the mid-point of the Offer Price range stated in this prospectus)	Approximately HK$726.0 million	Approximately HK$844.9 million
Assuming an Offer Price of HK$4.98 per Offer Share (being the high end of the Offer Price range stated in this prospectus)	Approximately HK$889.2 million	Approximately HK$1,032.6 million
Assuming an Offer Price of HK$3.28 per Offer Share (being the low end of the Offer Price range stated in this prospectus)	Approximately HK$562.8 million	Approximately HK$657.3 million

We intend to use the net proceeds of the Global Offering for the following purposes (assuming an Offer Price of HK$4.13 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, after deduction of underwriting fees and commissions and other estimated expenses in connection with the Global Offering, and the Over-allotment Option is not exercised):

- Approximately 60%, or HK$435.6 million, will be used within one year after Listing as the construction costs for the development of our existing property projects, namely Dafa Bliss Oriental (Wuhu) (大發融悦東方(蕪湖)) and Kaize Jinyuan (凱澤錦園). See "Business – Property Development and Sales" for further details of our projects;

- approximately 30%, or HK$217.8 million, will be used for repayment of a majority of a two-year borrowing of RMB530.0 million from an asset management company with a fixed interest rate of 8.5% per annum and maturity date of September 26, 2019, and we expect to utilize the working capital generated from our operations to repay the shortfalls of approximately RMB312.2 million; and

- approximately 10%, or HK$72.6 million, will be used for general working capital purposes.

The above allocation of the proceeds will be adjusted on a pro rata basis in the event that the Offer Price is fixed at a higher or lower level compared to the midpoint of the proposed Offer Price range.

To the extent that the net proceeds are not immediately applied to the above purposes and to the extent permitted by applicable law and regulations, we intend to deposit the net proceeds into demand deposits with licensed banks or financial institutions. We will make an appropriate announcement if there is any change to the above proposed use of proceeds.

We believe that equity financing could optimize our capital structure, maintain our net gearing ratio at a reasonable level, particularly given that the interest rate is expected to rise in the PRC in the near future, and further enhance the business, management, public image and credibility of our Group.

Concurrently with the Listing and its equity financing plans, we are seeking opportunities in debt financing, and the goal is to have an optimized debt-to-equity ratio that will sustain our long-term growth. In this respect, the Listing would offer us an efficient fund-raising platform which will enable us to gain direct access to the capital market for equity and/or debt financing to fund our existing operations and future expansions, hence achieving an optimal balance of equity and debt capital while considering the cost and risk profiles of these capital.

HONG KONG UNDERWRITERS

CCB International Capital Limited
CMB International Capital Limited
First Capital Securities Limited
Yuanyin Securities Limited
SSIF Securities Limited
Head & Shoulders Securities Limited
Pacific Foundation Securities Limited

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters on a conditional basis. The International Offering is expected to be fully underwritten by the International Underwriters subject to the terms and conditions of the International Underwriting Agreement. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and the Company, the Global Offering will not proceed and will lapse.

The Global Offering comprises the Hong Kong Public Offering of initially 20,000,000 Hong Kong Public Offer Shares and the International Offering of initially 180,000,000 International Offer Shares, subject, in each case, to reallocation on the basis as described in "Structure of the Global Offering" as well as to the Over-allotment Option in the case of the International Offering.

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering the Hong Kong Offer Shares for subscription by the public in Hong Kong in accordance with the terms and conditions of this prospectus and the Application Forms relating thereto.

Subject to the Listing Committee granting listing of, and permission to deal in, the Shares to be offered under the Global Offering as mentioned in this prospectus, and certain other conditions set forth in the Hong Kong Underwriting Agreement (including the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing upon the Offer Price) being satisfied (or, as the case may be, waived), the Hong Kong Underwriters have agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares in aggregate, now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms relating thereto and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional on and subject to the International Underwriting Agreement having been executed and becoming unconditional and not having been terminated in accordance with its terms.

Grounds for Termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares are subject to termination by orally or written notice from the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and the Sole Sponsor, at any time prior to 8:00 a.m. on the Listing Date if:

(1) there develops, occurs, exists or comes into effect:

(a) any event or circumstance in the nature of force majeure (including, without limitation, any acts of government, declaration of a national or international emergency or war, calamity, crisis, epidemic, pandemic, outbreak of infectious disease, economic sanctions, strikes, lock-outs, fire, explosion, flooding, earthquake, volcanic eruption, civil commotion, riots, public disorder, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God or acts of terrorism) in or affecting Hong Kong, the PRC, the United States, the United Kingdom, any member of the European Union, or any other jurisdiction relevant to any member of the Group or the Global Offering (each a "**Relevant Jurisdiction**" and collectively, the "**Relevant Jurisdictions**"); or

(b) any change, or any development involving a prospective change (whether or not permanent), or any event or circumstance likely to result in any change or development involving a prospective change in local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets, and credit markets) in or affecting any of the Relevant Jurisdictions; or

(c) any moratorium, suspension or restriction (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in, securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(d) any general moratorium on commercial banking activities in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent authority), New York (imposed at federal or New York State level or other competent authority), the PRC, or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in any of those places or jurisdictions; or

(e) any new law, or any change or any development involving a prospective change or any event or circumstance which will result in a change or a development involving a prospective change in, or in the interpretation or application by any court or other competent authorities of, existing laws, in each case, in or affecting any of the Relevant Jurisdiction; or

(f) the imposition of economic sanctions, or the withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any of the Relevant Jurisdictions; or

(g) a change or development involving a prospective change in or affecting taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any of the Relevant Jurisdictions; or

(h) any litigation, claims or legal action of any third party being threatened or instigated against any member of the Group or the Controlling Shareholders; or

(i) a Director being charged with an indictable offence or prohibited by operation of law or otherwise disqualified from taking part in the management of a company; or

(j) the chairman or chief executive officer of the Company vacating his office; or

(k) an authority in any of the Relevant Jurisdictions commencing any investigation or other action, or announcing an intention to investigate or take other action, against any member of the Group, any Director or the Controlling Shareholders; or

(l) save as disclosed in "Business – Legal Proceedings and Compliance" in this prospectus, a contravention by any member of the Group of the Listing Rules or applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(m) a prohibition on the Company or any of the Controlling Shareholders for whatever reason from offering, allotting, issuing, selling or delivering any of the Offer Shares (including the option shares) pursuant to the terms of the Global Offering; or

(n) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable Laws (as defined in the Hong Kong Underwriting Agreement); or

(o) the issue or requirement to issue by the Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC without prior consent of the Sole Sponsor and the Sole Global Coordinator; or

(p) a demand by any creditor for repayment or payment of any indebtedness of any member of the Group or in respect of which any member of the Group is liable prior to its stated maturity; or

(q) any change, development or event involving a prospective change, or a materialization, of any of the risks set forth in "Risk Factors"; or

(r) an order or petition is presented for the winding up of any member of the Group or any composition or arrangement made by any member of the Group with its creditors or a scheme of arrangement entered into by any member of the Group or any resolution for the winding-up of any member of the Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any member of the Group or anything analogous thereto occurring in respect of any member of the Group,

which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator and the Sole Sponsor:

(A) has or will have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, trading positions, results of operations, position or condition, financial, or performance of the Group as a whole; or

(B) has or will have or is likely to have an adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Offering; or

(C) makes or will make or is likely to make it inadvisable or inexpedient or impracticable for the Global Offering to proceed or to be performed or implemented as envisaged or to market the Global Offering; or

(D) has or will have or is likely to have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing or delaying the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof; or

(2) there has come to the notice of the Sole Global Coordinator and the Sole Sponsor:

(a) that any statement contained in any of the Hong Kong Public Offering Documents (as defined in the Hong Kong Underwriting Agreement) and/or in any notices or announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) was, when it was issued, or has become, untrue, incorrect or misleading in any material respect, or that any forecast, estimate, expression of opinion, intention or expectation contained in any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto) is not in all material respects, fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(b) that any matter has arisen or has been discovered which would, had it arisen or been discovered immediately before the date of this prospectus, constitute a material omission from any of the Hong Kong Public Offering Documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offering (including any supplement or amendment thereto); or

(c) any material breach of any of the obligations imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(d) any event, act or omission which gives or is likely to give rise to any material liability of any of the Indemnifying Parties (as defined in the Hong Kong Underwriting Agreement) pursuant to the indemnities given by the Indemnifying Parties under the Hong Kong Underwriting Agreement; or

(e) any material adverse change, or any development involving a prospective material adverse change, in the assets, liabilities, properties, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of any member of the Group; or

(f) any breach of, or any event or circumstance rendering untrue or incorrect or misleading in any respect, any of the warranties given by the Warrantors as defined in the Hong Kong Underwriting Agreement; or

(g) approval by the Listing Committee of the listing of, and permission to deal in, the Shares to be issued (including any additional Shares that may be issued pursuant to the exercise of the Over-Allotment Option) under the Global Offering is refused or not granted, other than subject to customary conditions, on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(h) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(i) any of the Reporting Accountants or any other experts (other than the Sole Sponsor) named in this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(j) the investment commitments by any cornerstone investor after the signing of the relevant cornerstone investment agreements have been withdrawn, terminated or cancelled or if any cornerstone investor is unable to fulfill its obligation under the respective cornerstone investment agreement which may have a material adverse effect on the Global Offering.

Undertakings to the Stock Exchange Pursuant to the Listing Rules

(A) Undertakings by Our Company

Pursuant to Rule 10.08 of the Listing Rules, our Company has undertaken to the Stock Exchange that, no further Shares or securities convertible into equity securities (whether or not of a class already listed) may be issued by our Company or form the subject of any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances provided under Rule 10.08 of the Listing Rules.

(B) Undertakings by our Controlling Shareholders

By virtue of Rule 10.07 of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to the Company that, they will not and will procure that the relevant registered holder(s) (if any) of our Shares in which any of them has a beneficial interest will not:

(i) in the period commencing from the date by reference to which disclosure of their shareholdings in the Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which they are shown to be the beneficial owner in this prospectus; and

(ii) in the period of six months commencing on the date on which the period referred to in paragraph (i) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares to such extend that, immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, they would cease to be our Controlling Shareholders.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, our Controlling Shareholders have undertaken to the Stock Exchange and to our Company that within the period commencing from the date by reference to which disclosure for their shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, they will:

(i) when they pledge or charge any Shares legally and/or beneficially owned by them in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the laws of Hong Kong)) pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform the Company in writing of such pledge or charge together with the number of Shares so pledged or charged; and

(ii) when they receive indications, either verbal or written, from the pledgee or chargee of any Shares that any of the pledged or charged Shares will be disposed of, immediately inform the Company in writing of such indications.

Our Company will inform the Stock Exchange in writing as soon as we have been informed of matters referred in above by any of our Controlling Shareholders and disclose such matters by way of announcement pursuant to the requirements under the Listing Rules as soon as possible.

Undertakings Pursuant to the Hong Kong Underwriting Agreement

(A) Undertakings by Our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters, that except for the offer and issue of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the issue of Shares pursuant to the Capitalization Issue and the Share Option Scheme during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"), our Company will not and to procure each other member of the Group not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements set out in the Listing Rules:

(i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company, with a depositary in connection with the issue of depositary receipts; or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other equity securities of the Company, as applicable, or any interest in any of the foregoing); or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above; or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above,

in each case, whether any of the transactions specified in (i), (ii) or (iii) above is to be settled by delivery of Shares or such other equity securities of the Company, as applicable, or in cash or otherwise (whether or not the issue of the Shares or such other equity securities will be completed within the First Six-Month Period).

During the period of six months commencing on the date on which the First Six-Month Period expires (the "**Second Six-Month Period**"), in the event that the Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, the Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company. The Controlling Shareholders undertake to each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters to procure the Company to comply with the undertakings above.

(B) Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of the Sole Global Coordinator, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager and the Hong Kong Underwriters that, save for any pledge or charge to authorized institutions pursuant to Note 2 to Rule 10.07 of the Listing Rules and except as pursuant to the Capitalization Issue, the Global Offering (including pursuant to the Over-allotment Option) and the Stock Borrowing Agreement, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(i) save for the lending Shares by He Hong pursuant to the Stock Borrowing Agreement, it will not, at any time during the First Six-Month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or any such other equity securities of the Company, as applicable or any interest in any of the foregoing), or deposit any Shares or other equity securities of the Company with a depositary in connection with the issue of depositary receipts, or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other equity securities of the Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or such other equity securities of the Company, as applicable or any interest in any of the foregoing), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other equity securities of the Company or in cash or otherwise (whether or not the issue of such Shares or other equity securities of the Company will be completed within the First Six-Month Period); and

(ii) it will not, during the Second Six-Month Period, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he/she/it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of the Company; and

(iii) until the expiry of the Second Six-Month Period, in the event that it enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of the Company.

Indemnity

We and our Controlling Shareholders have agreed to indemnify, amongst others, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters for certain losses which they may suffer, including, amongst others, losses arising from the performance of their obligations under the Hong Kong Underwriting Agreement and any breach or alleged breach by our Company of the Hong Kong Underwriting Agreement, as the case may be.

Hong Kong Underwriters' Interests in Our Company

Except for their respective obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interest in the Company or any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for securities in the Company or any member of the Group.

Following the completion of the Global Offering, the Hong Kong Underwriters and their affiliated companies may hold a certain portion of the Shares as a result of fulfilling their obligations under the Hong Kong Underwriting Agreement.

The International Offering

International Underwriting Agreement

In connection with the International Offering, it is expected that we and our Controlling Shareholders will enter into the International Underwriting Agreement with the Sole Global Coordinator and the International Underwriters. Under the International Underwriting Agreement, subject to the conditions set forth therein, the International Underwriters would severally and not jointly agree to purchase, or procure purchasers to purchase, the Offer Shares being offered pursuant to the International Offering (subject to, amongst others, any reallocation between the International Offering and the Hong Kong Public Offering). It is expected that the International Underwriting Agreement may be terminated on similar grounds as the Hong Kong Underwriting Agreement. Potential investors are reminded that in the event that the International Underwriting Agreement is not entered into, the Global Offering will not proceed.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Global Coordinator at its sole and absolute discretion (for itself and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until up to (and including) the date which is the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering, to require our Company to allot and issue up to an aggregate of 30,000,000 Shares, representing no more than 15% of the initial Offer Shares, at the Offer Price under the International Offering, to cover over-allocations in the International Offering, if any.

Commissions and Expenses

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) will receive an underwriting commission of 3.0% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering). In addition, the Group agrees, at its discretion, to pay to the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) a discretionary incentive fee of up to 1.0% of the aggregate Offer Price in respect of all the Hong Kong Offer Shares (excluding any International Offer Shares reallocated to and from the Hong Kong Public Offering).

For unsubscribed Hong Kong Offer Shares reallocated to the International Offering (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate), the underwriting commission regarding such Hong Kong Offer Shares shall be reallocated to the International Underwriters (in such proportion as the Sole Global Coordinator in its sole discretion consider appropriate).

Assuming the Over-allotment Option is not exercised, the aggregate commissions and fees, together with Stock Exchange listing fees, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, legal and other professional fees and printing and all other expenses relating to the Global Offering, which are currently estimated to amount in aggregate to approximately HK$100 million (assuming an Offer Price of HK$4.13 per Offer Share, being the mid-point of the indicative Offering Price range stated in this prospectus), are payable and borne by our Company.

MINIMUM PUBLIC FLOAT

Our Directors and the Sole Global Coordinator will ensure that there will be a minimum of 25% of the total issued Shares held in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Global Offering.

INDEPENDENCE OF THE SOLE SPONSOR

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

ACTIVITIES BY SYNDICATE MEMBERS

The underwriters of the Hong Kong Public Offering and the International Offering (together, the "**Syndicate Members**") and their affiliates may each individually undertake a variety of activities (as further described below) which do not form part of the underwriting or stabilizing process.

The Syndicate Members and their affiliates are diversified financial institutions with relationships in countries around the world. These entities engage in a wide range of commercial and investment banking, brokerage, funds management, trading, hedging, investing and other activities for their own account and for the account of others. In relation to the Shares, those activities could include acting as agent for buyers and sellers of the Shares, entering into transactions with those buyers and sellers in a principal capacity, proprietary trading in the Shares, and entering into over the counter or listed derivative transactions or listed and unlisted securities transactions (including issuing securities such as derivative warrants listed on a stock exchange) which have as their underlying assets, assets including the Shares. Those activities may require hedging activity by those entities involving, directly or indirectly, the buying and selling of the Shares. All such activities could occur in Hong Kong and elsewhere in the world and may result in the Syndicate Members and their affiliates holding long and/or short positions in the Shares, in baskets of securities or indices including the Shares, in units of funds that may purchase the Shares, or in derivatives related to any of the foregoing.

In relation to issues by Syndicate Members or their affiliates of any listed securities having the Shares as their underlying securities, whether on the Stock Exchange or on any other stock exchange, the rules of the exchange may require the issuer of those securities (or one of its affiliates or agents) to act as a market maker or liquidity provider in the security, and this will also result in hedging activity in the Shares in most cases.

All such activities may occur both during and after the end of the stabilizing period described in "Structure of the Global Offering." Such activities may affect the market price or value of the Shares, the liquidity or trading volume in the Shares and the volatility of the price of the Shares, and the extent to which this occurs from day to day cannot be estimated.

It should be noted that when engaging in any of these activities, the Syndicate Members will be subject to certain restrictions, including the following:

(a) the Syndicate Members (other than the Stabilizing Manager or any person acting for it) must not, in connection with the distribution of the Offer Shares, effect any transactions (including issuing or entering into any option or other derivative transactions relating to the Offer Shares), whether in the open market or otherwise, with a view to stabilizing or maintaining the market price of any of the Offer Shares at levels other than those which might otherwise prevail in the open market; and

(b) the Syndicate Members must comply with all applicable laws and regulations, including the market misconduct provisions of the SFO, including the provisions prohibiting insider dealing, false trading, price rigging and stock market manipulation.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. CCBI is the Sole Sponsor, the Sole Global Coordinator, one of the Joint Bookrunners and the Joint Lead Managers.

The Global Offering comprises (subject to reallocation and the Over-allotment Option):

(a) the Hong Kong Public Offering of 20,000,000 Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in the paragraph headed "– The Hong Kong Public Offering" in this section below; and

(b) the International Offering of initially 180,000,000 Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S of the U.S. Securities Act as described under the paragraph headed "– The International Offering" in this section below.

Up to 30,000,000 additional Shares may be offered pursuant to the exercise of the Over-allotment Option as set forth in the paragraph headed "– The International Offering – Over-allotment Option" in this section below.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the United States in reliance on Regulation S of the U.S. Securities Act. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Offering. Prospective investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Offering, respectively, may be subject to reallocation as described in the paragraph headed "– The Hong Kong Public Offering – Reallocation" in this section below.

THE HONG KONG PUBLIC OFFERING

Number of Hong Kong Offer Shares Initially Offered

We are initially offering 20,000,000 Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offering is subject to the conditions as set forth in the paragraph headed "– Conditions of the Global Offering" in this section below.

Allocation

The allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation) is to be divided into two pools for allocation purposes: Pool A and Pool B. Accordingly, the maximum number of Hong Kong Offer Shares initially in Pool A and Pool B will be 10,000,000 and 10,000,000, respectively. The Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less. The Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable). Investors should be aware that applications in Pool A and applications in Pool B may receive different allocation ratios. If Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for Offer Shares means the price payable on application therefore (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either Pool A or Pool B but not from both pools. Multiple applications or suspected multiple applications and any application for more than 10,000,000 Hong Kong Offer Shares (being 50% of the 20,000,000 Hong Kong Offer Shares initially available under the Hong Kong Public Offering) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offering and the International Offering is subject to reallocation. Paragraph 4.2 of Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place which would have the effect of increasing the number of Offer Shares under the Hong Kong Public Offering to a certain percentage of the total number of Offer Shares offered under the Global Offering if certain prescribed total demand levels are reached as further described below:

(a) In the event that the International Offer Shares are fully subscribed or oversubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator (for itself and on behalf of the other Underwriters), at its sole and absolute discretion (but shall not be under any obligation), may reallocate all or any of the unsubscribed Shares from the Hong Kong Public Offering to the International Offering;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Offer Shares available under the Hong Kong Public Offering will increase up to 40,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 15 times or more but less than 50 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be 60,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

(iv) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 50 times or more but less than 100 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 80,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

(v) if the number of Offer Shares validly applied for under the Hong Kong Public Offering represents 100 times or more the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, then the number of Offer Shares to be reallocated to the Hong Kong Public Offering from the International Offering will be increased so that the total number of Offer Shares available under the Hong Kong Public Offering will be 100,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

(b) In the event that the International Offer Shares are undersubscribed under the International Offering:

(i) if the Hong Kong Offer Shares are undersubscribed, the Global Offering shall not proceed unless fully underwritten by the Underwriters; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed irrespective of the number of times, then up to 20,000,000 Offer Shares may be reallocated to the Hong Kong Public Offering from the International Offering, so that the total number of Hong Kong Offer Shares available for subscription under the Hong Kong Public Offering will increase up to 40,000,000 Offer Shares, representing 20% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator and the Sole Sponsor. If either the Hong Kong Public Offering or the International Offering is not fully subscribed for, the Sole Global Coordinator and the Sole Sponsor have the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportion as the Sole Global Coordinator and the Sole Sponsor deem appropriate.

In the case where (xx) the International Offer Shares are fully subscribed or oversubscribed and the Hong Kong Offer Shares are oversubscribed by less than 15 times under paragraph (a)(ii) above or (yy) the International Offer Shares are undersubscribed, the Offer Price shall be fixed at HK$3.28 per Offer Share (being the bottom end of the indicative Offer Price range stated in this prospectus).

In addition, the Sole Global Coordinator and the Sole Sponsor may allocate Offer Shares from the International Offer Shares to the Public Offer to satisfy valid applications under the Hong Kong Public Offering. In accordance with the Guidance Letter HKEx-GL91-18 issued by the Stock Exchange, if such allocation is done other than pursuant to Practice Note 18 of the Listing Rules, the maximum total number of Offer Shares that may be reallocated to the Public Offer following such reallocation shall be not more than double the initial allocation to the Hong Kong Public Offering (i.e. 20,000,000 Offer Shares).

Details of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering will be disclosed in the results announcement of the Hong Kong Public Offering, which is expected to be published on Wednesday, October 10, 2018.

Applications

Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the application submitted by him/her that he/she and any person(s) for whose benefit he/she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the International Offering.

Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK$4.98 per Offer Share in addition to the brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the paragraph headed "– Pricing and Allocation" in this section below, is less than the maximum price of HK$4.98 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For details, see "How to Apply for Hong Kong Offer Shares."

THE INTERNATIONAL OFFERING

Number of International Offer Shares Initially Offered

Subject to reallocation as described in this section and the exercise of the Over-allotment Option, the International Offering will consist of an initial offering of 180,000,000 Shares outside the United States) in offshore transactions in reliance on Regulation S of the U.S. Securities Act, representing 90% of the total number of Offer Shares initially available under the Global Offering subject to the reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering and assuming that the Over-allotment Option is not exercised.

Allocation

The International Offering will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the "book-building" process described in the paragraph headed "– Pricing and Allocation" in this section below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and its shareholders as a whole.

The Sole Global Coordinator (for itself and on behalf of the International Underwriters) may require any investor who has been offered International Offer Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow it to identify the relevant applications under the Hong Kong Public Offering and to ensure that they are excluded from any application of Offer Shares under the Hong Kong Public Offering.

Reallocation

The total number of Offer Shares to be issued or sold pursuant to the International Offering may change as a result of the clawback arrangement described in "– The Hong Kong Public Offering – Reallocation" in this section, the exercise of the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offering to the International Offering.

Over-allotment Option

We expect to grant to the International Underwriters, exercisable in whole or in part by the Sole Global Coordinator at its sole and absolute discretion (for itself and on behalf of the International Underwriters), the Over-allotment Option, which will be exercisable from the Listing Date until 30 days after the last day for the lodging of applications under the Hong Kong Public Offering, to require the Company to allot and issue up to an aggregate of 30,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price, to cover, over-allocations in the International Offering, if any. If the Over-allotment Option is exercised in full, the Offer Shares will represent 15% of the Company's issued share capital immediately following completion of the Global Offering and the exercise of the Over-allotment Option. In the event that the Over-allotment Option is exercised, we will make an announcement in due course.

Stock Borrowing Agreement

CCB International Capital Limited, as the Stabilizing Manager, or any person acting for it may choose to borrow Shares from He Hong under the Stock Borrowing Agreement, or acquire Shares from other sources, including the exercise of the Over-allotment Option. The Stock Borrowing Agreement will not be subject to the restrictions of Rule 10.07(l)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are to be complied with as follows:

- such stock borrowing arrangement with He Hong will only be effected by the Stabilizing Manager for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option in connection with the International Offering;
- the maximum number of Shares borrowed from He Hong under the Stock Borrowing Agreement will be limited to the maximum number of Shares which may be issued upon exercise of the Over-allotment Option;
- the same number of Shares so borrowed must be returned to He Hong or its nominees on or before the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the date on which the Over-allotment Option is exercised in full and the relevant over-allocation shares have been allocated, and (iii) such earlier time as the parties may from time to time agree in writing;
- the stock borrowing arrangement under the Stock Borrowing Agreement will be effected in compliance with all applicable laws, listing rules and regulatory requirements; and
- no payment will be made to He Hong by the Stabilizing Manager or its authorized agents in relation to such stock borrowing arrangement.

STABILIZATION

Stabilization is a practice used by the Underwriters in some markets to facilitate the distribution of securities. To stabilize, the Underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to reduce and, if possible, prevent any decline in the market price of the securities below the offer price. In Hong Kong and a number of other jurisdictions, activity aimed at reducing the market price is prohibited, and the price at which stabilization is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilizing Manager or any person acting for it, as stabilizing manager, on behalf of the Underwriters, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, over-allocate or effect transactions with a view to stabilizing or supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. However, there is no obligation on the Stabilizing Manager, or any persons acting for it, to conduct any such stabilizing action. Such stabilization action, if commenced, may be discontinued at any time, and is required to be brought to an end within 30 days after the last day for the lodging of applications under the Hong Kong Public Offering. Should stabilizing transactions be effected in connection with the Global Offering, this will be at the absolute discretion of the Stabilizing Manager or any person acting for it.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong), as amended, includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of the Shares, (ii) selling or agreeing to sell the Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of the Shares, (iii) purchasing or subscribing for, or agreeing to purchase or subscribe for, the Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of the Shares for the sole purpose of preventing or minimizing any reduction in the market price of the Shares, (v) selling or agreeing to sell any the Shares in order to liquidate any position established as a result of those purchases and (vi) offering or attempting to do anything as described in paragraph (ii), (iii), (iv) or (v).

Specifically, prospective applicants for and investors in the Offer Shares should note that:

- the Stabilizing Manager, or any person acting for it may, in connection with the stabilizing action, maintain a long position in the Shares;

- there is no certainty regarding the extent to which and the time or period for which the Stabilizing Manager, or any person acting for it, will maintain such a long position;

- liquidation of any such long position by the Stabilizing Manager, or any person acting for it, may have an adverse impact on the market price of the Shares;

- no stabilizing action can be taken to support the price of the Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilizing action; and

- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, the Shares.

The Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilizing) Rules (Chapter 571W of the Laws of Hong Kong) will be made within seven days of the expiration of the stabilization period.

Over-allocation

Following any over-allocation of Shares in connection with the Global Offering, the Sole Global Coordinator, or any person acting for it may cover such over-allocation by, amongst others, using the Shares purchased by the Stabilizing Manager or any person acting for it in the secondary market, exercising the Over-allotment Option in full or in part. Any such purchases will be made in accordance with the laws, rules and regulations in place in Hong Kong on stabilization. The number of Shares which can be over-allocated will not exceed the number of Shares which may be allotted and issued pursuant to the exercise in full of the Over-allotment Option, being 30,000,000 Shares, representing approximately 15% of the Offer Shares initially available under the Global Offering.

PRICING AND ALLOCATION

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Offering. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different price or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or about, the last day for lodging applications under the Hong Kong Public Offering.

The Offer Price is expected to be fixed by agreement between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Thursday, October 4, 2018 and in any event no later than Tuesday, October 9, 2018.

The Offer Price will not be more than HK$4.98 per Offer Share and is expected to be not less than HK$3.28 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Applicants under the Hong Kong Public Offering must pay, on application, the maximum Offer Price of HK$4.98 per Offer Share plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, amounting to a total of HK$5,030.18 for one board lot of 1,000 Shares. **Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the bottom end of the indicative Offer Price range stated in this prospectus.**

Reduction in Offer Price range and/or number of Offer Shares

Applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative Offer Price range may not be made until the last day for lodging applications under the Hong Kong Public Offering.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares and/or the indicative Offer Price range at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, cause them to be published in the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of our Company (**www.dafaland.com**) and the website of the Stock Exchange (**www.hkexnews.hk**) notice of reduction. Upon issue of such a notice, the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will be fixed within such revised Offer Price range. Such notice will also include confirmation or revision, as appropriate, of the working capital statement and the Global Offering statistics as currently set forth in this prospectus, and any other financial information which may change as a result of any such reduction. As soon as practicable of such reduction of the number of Offer Shares and/or the indicative Offer Price range, we will also issue a supplemental prospectus updating investors of such reduction together with an update of all financial and other information in connection with such change, where appropriate, extend the period under which the Hong Kong Public Offering was open for acceptance, and give potential investors who had applied for the Offer Shares the right to withdraw their applications.

In the absence of any such notice and supplemental prospectus so published, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range stated in this prospectus.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offering and the International Offering, provided that the number of Offer Shares comprised in the Hong Kong Public Offering shall not be less than 10% of the total number of Offer Shares available under the Global Offering. The Offer Shares to be offered in the Hong Kong Public Offering and the Offer Shares to be offered in the International Offering may, in certain circumstances, be reallocated between these offerings solely in the discretion of the Sole Global Coordinator.

If applications for the Offer Shares have been submitted prior to the day which is the last day for lodging applications under the Hong Kong Public Offering, such applications can be subsequently withdrawn if the number of Offer Shares and/or the indicative Offer Price range is so reduced.

The final Offer Price, the level of indications of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocations of Offer Shares under the Hong Kong Public Offering are expected to be announced on the South China Morning Post (in English) and the Hong Kong Economic Journal (in Chinese) and on the website of the Company (**www.dafaland.com**) and the website of the Stock Exchange (**www.hkexnews.hk**).

HONG KONG UNDERWRITING AGREEMENT

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price.

We expect to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date.

The underwriting arrangements under the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarized in "Underwriting."

CONDITIONS OF THE GLOBAL OFFERING

Acceptances of all applications for Offer Shares will be conditional on:

(a) the Listing Committee granting listing of, and permission to deal in, the Offer Shares being offered pursuant to the Global Offering (including the additional Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option) (subject only to allotment);

(b) the Offer Price having been agreed between the Company and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date;

(c) the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

(d) the obligations of the Underwriters under each of the respective Underwriting Agreements becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective Underwriting Agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times).

If, for any reason, the Offer Price is not agreed between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or before Tuesday, October 9, 2018, the Global Offering will not proceed and lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, amongst others, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the dates and times specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will as soon as possible publish or cause to be published a notice of the lapse of the Hong Kong Public Offering in the South China Morning Post (in English), in the Hong Kong Economic Journal (in Chinese), on the website of the Company (**www.dafaland.com**) and on the website of the Stock Exchange (**www.hkexnews.hk**). In such an eventuality, all application monies will be returned, without interest, on the terms set forth in the paragraph headed "How to Apply for Hong Kong Offer Shares – 14. Dispatch/Collection of Share Certificates and Refund Monies." In the meantime, all application monies will be held in a separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong), as amended.

Share certificates issued in respect of the Hong Kong Offer Shares will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional in all respects (including the Underwriting Agreements not having been terminated in accordance with their terms) at any time prior to 8:00 a.m. on the Listing Date.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the granting of listing of, and permission to deal in the Shares (including (i) the Offer Shares; and (ii) any Shares which may be issued pursuant to the exercise of the Over-allotment Option).

No part of the Company's share or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to deal is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of the listing of, and permission to deal in, the Shares on the Stock Exchange and compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Investors should seek the advice of their stockbroker or other professional advisers for details of the settlement arrangements as such arrangements may affect their rights and interests. All necessary arrangements have been made enabling our Shares to be admitted into CCASS.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, October 11, 2018, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, October 11, 2018. The Shares will be traded on the Main Board of the Stock Exchange in board lots of 1,000 Shares each. The stock code of the Shares will be 6111.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offer Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the Application Form must be signed by a duly authorized officer, who must state his or her representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at its discretion and on any conditions it think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of the **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering;
- an associate (as defined in the Listing Rules) of any of the above; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, September 28, 2018 until 12:00 noon on Thursday, October 4, 2018 from:

(i) the following office of the Hong Kong Underwriters:

CCB International Capital Limited	12/F., CCB Tower 3 Connaught Road Central Central Hong Kong
CMB International Capital Limited	45/F, Champion Tower 3 Garden Road, Central Hong Kong
First Capital Securities Limited	Unit 4512, 45/F, The Center 99 Queen's Road Central Central Hong Kong

Yuanyin Securities Limited	Room 2201, 22/F 238 Des Voeux Road Central Hong Kong
SSIF Securities Limited	Unit A 29/F Admiralty Center Tower 1 18 Harcourt Road Admiralty Hong Kong
Head & Shoulders Securities Limited	Room 2511, 25/F Cosco Tower 183 Queen's Road Central Hong Kong
Pacific Foundation Securities Limited	11/F, New World Tower II 16-18 Queen's Road Central Hong Kong

(ii) any of the following branches of the following receiving bank:

Bank of China (Hong Kong) Limited

Region	Branch	Address
Hong Kong Island	Shek Tong Tsui Branch	534 Queen's Road West Shek Tong Tsui Hong Kong
	North Point (King's Centre) Branch	193-209 King's Road North Point Hong Kong
Kowloon	Mei Foo Mount Sterling Mall Branch	Shop N47-49, G/F Mount Sterling Mall Mei Foo Sun Chuen Kowloon
	Tsim Sha Tsui East Branch	Shop 3, LG/F Hilton Towers 96 Granville Road Tsim Sha Tsui East Kowloon
New Territories	Sheung Shui Branch Securities Services Centre	136 San Fung Avenue Sheung Shui New Territories
	Kau Yuk Road Branch	18-24 Kau Yuk Road Yuen Long New Territories

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, September 28, 2018 until 12:00 noon on Thursday, October 4, 2018 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "**BANK OF CHINA (HONG KONG) NOMINEES LIMITED – DAFA PROPERTIES PUBLIC OFFER**" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving bank listed above, at the following times:

Friday, September 28, 2018	–	9:00 a.m. to 5:00 p.m.
Saturday, September 29, 2018	–	9:00 a.m. to 1:00 p.m.
Tuesday, October 2, 2018	–	9:00 a.m. to 5:00 p.m.
Wednesday, October 3, 2018	–	9:00 a.m. to 5:00 p.m.
Thursday, October 4, 2018	–	9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, October 4, 2018, the last application day or such later time as described in "– 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Memorandum and Articles of Association, the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance and Cayman Companies Law;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering nor participated in the International Offering;

(viii) agree to disclose to the Company, our Hong Kong Share Registrar, receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any Share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the Share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in the "– 2. Who can apply" section, may apply through the **White Form eIPO** service for the Hong Kong Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO Service

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 a.m. Friday, September 28, 2018 until 11:30 a.m. Thursday, October 4, 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, October 4, 2018 or such later time under the "– 10. Effect of Bad Weather on the Opening of the Application Lists" section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2.0 for each "DaFa Properties Group Limited" **White Form eIPO** application submitted via the website **www.eipo.com.hk** to support the funding of "Dongjiang River Source Tree Planting" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Center, 1/F, One & Two Exchange Square,
8 Connaught Place, Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving electronic application instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and are not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any International Offer Shares under the International Offering;

- (if the **electronic application instructions** are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send Share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Manager, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving electronic application instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting electronic application instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates[1]:

Friday, September 28, 2018	–	9:00 a.m. to 8:30 p.m.
Saturday, September 29, 2018	–	8:00 a.m. to 1:00 p.m.
Tuesday, October 2, 2018	–	8:00 a.m. to 8:30 p.m.
Wednesday, October 3, 2018	–	8:00 a.m. to 8:30 p.m.
Thursday, October 4, 2018	–	8:00 a.m. to 12:00 noon

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, September 28, 2018 until 12:00 noon on Thursday, October 4, 2018 (24 hours daily, except on Thursday, October 4, 2018, the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, October 4, 2018, the last application day or such later time as described in "– 10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

Note:

1. These times are subject to changes as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, our Hong Kong Share Registrar, the receiving banks, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, October 4, 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or

- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to "Structure of the Global Offering – Pricing and Allocation."

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, October 4, 2018. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, October 4, 2018 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in "Expected Timetable," an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Wednesday, October 10, 2018 in the South China Morning Post (in English), in the Hong Kong Economic Journal (in Chinese), the Company's website at **www.dafaland.com** and on the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the dates and times and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.dafaland.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 9:00 a.m. on Wednesday, October 10, 2018;
- from the designated results of allocations website at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID" function on a 24-hour basis from 8:00 a.m. on Wednesday, October 10, 2018 to 12:00 midnight on Tuesday, October 16, 2018;
- by telephone enquiry line by calling +852 2862 8669 between 9:00 a.m. and 10:00 p.m. from Wednesday, October 10, 2018 to Saturday, October 13, 2018;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, October 10, 2018 to Friday, October 12, 2018 at all the receiving banks' designated branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in "Structure of the Global Offering."

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If the Company or its agents exercise their discretion to reject your application:

The Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) If:

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offer Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believes that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50.00% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure of the Global Offering – The Hong Kong Public Offering" or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, October 10, 2018.

14. DISPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one Share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the Share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by a **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- Share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, Share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of Share certificates and refund monies as mentioned below, any refund cheques and Share certificates are expected to be posted on or before Wednesday, October 10, 2018. The right is reserved to retain any Share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, October 11, 2018 provided that the Global Offering has become unconditional and the right of termination described in "Underwriting" has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) If you apply using a WHITE Application Form

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, October 10, 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or Share certificate(s) personally within the time specified for collection, they will be dispatched promptly to the address specified in your Application Form on or before Wednesday, October 10, 2018 by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or Share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, October 10, 2018 by ordinary post and at your own risk.

(ii) If you apply using a YELLOW Application Form

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, October 10, 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, October 10, 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

  For Hong Kong Offer Shares credited to your designated CCASS Participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer Shares allotted to you with that CCASS Participant.

- *If you are applying as a CCASS Investor Participant*

  The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "11. Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, October 10, 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) If you apply through the White Form eIPO service

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, October 10, 2018 or such other date as notified by the Company in the newspapers as the date of dispatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, October 10, 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be dispatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be dispatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) If you apply via electronic application instructions to HKSCC

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your Share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, October 10, 2018, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "11. Publication of Results" above on Wednesday, October 10, 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, October 10, 2018 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, October 10, 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, October 10, 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report on DaFa Properties Group Limited, prepared for the purpose of incorporation in this prospectus received from the reporting accountants of our Company, Ernst & Young, Certified Public Accountants, Hong Kong.

安永

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

The Directors
DaFa Properties Group Limited
CCB International Capital Limited

Dear Sirs,

We report on the historical financial information of DaFa Properties Group Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-91, which comprises the consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for each of the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 April 2018, and the statements of financial position of the Company as at 31 December 2017 and 30 April 2018, and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-91 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 September 2018 (the "Prospectus") in connection with the initial Listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 April 2018 and of the Company as at 31 December 2017 and 30 April 2018 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the four months ended 30 April 2017 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE MAIN BOARD OF THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
28 September 2018

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

Consolidated Statements of Profit or Loss

		Year ended 31 December			Four months ended 30 April	
	Notes	**2015**	**2016**	**2017**	**2017**	**2018**
		RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
REVENUE	*6*	688,995	704,646	4,569,636	88,046	877,975
Cost of sales		(581,287)	(585,489)	(3,912,355)	(61,746)	(613,472)
GROSS PROFIT		107,708	119,157	657,281	26,300	264,503
Finance income		15,783	8,437	9,344	2,089	5,522
Other income and gains	*6*	1,646	2,103	2,958	619	30,860
Selling and distribution expenses		(55,900)	(71,194)	(94,293)	(23,865)	(37,472)
Administrative expenses		(89,002)	(105,046)	(133,925)	(34,613)	(70,310)
Other expenses		(824)	(6,212)	(27,580)	(1,400)	(298)
Fair value gains on investment properties	*15*	271,000	254,000	58,000	14,000	18,847
Finance costs	*8*	(101,855)	(114,562)	(133,650)	(50,651)	(58,840)
Share of loss of an associate	*17(b)*	–	(1,583)	(2,607)	(900)	(844)
PROFIT/(LOSS) BEFORE TAX	*7*	148,556	85,100	335,528	(68,421)	151,968
Income tax (expense)/credit	*11*	(95,138)	(63,245)	(191,364)	3,666	(74,414)
PROFIT/(LOSS) FOR THE YEAR/PERIOD		53,418	21,855	144,164	(64,755)	77,554
Attributable to:						
Owners of the parent		58,380	24,723	137,495	(63,974)	78,655
Non-controlling interests		(4,962)	(2,868)	6,669	(781)	(1,101)
		53,418	21,855	144,164	(64,755)	77,554
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted	*13*	N/A	N/A	N/A	N/A	N/A

Consolidated Statements of Comprehensive Income

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
PROFIT/(LOSS) FOR THE YEAR/PERIOD		53,418	21,855	144,164	(64,755)	77,554
Other comprehensive income not to be reclassified to profit or loss in subsequent years/periods:						
Revaluation gains on transfer from property, plant and equipment to investment properties	*15*	–	–	20,178	–	–
Income tax effect	*18*	–	–	(5,044)	–	–
Revaluation gains on equity instruments at fair value through other comprehensive income ("FVOCI")		–	–	–	–	1,900
Income tax effect	*18*	–	–	–	–	(475)
		–	–	15,134	–	1,425
Net other comprehensive income not to be reclassified to profit or loss in subsequent years/periods		–	–	15,134	–	1,425
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX		–	–	15,134	–	1,425
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		53,418	21,855	159,298	(64,755)	78,979
Attributable to:						
Owners of the parent		58,380	24,723	152,629	(63,974)	80,080
Non-controlling interests		(4,962)	(2,868)	6,669	(781)	(1,101)
		53,418	21,855	159,298	(64,755)	78,979

Consolidated Statements of Financial Position

		31 December			30 April
	Notes	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	*14*	112,517	109,103	168,114	136,363
Investment properties	*15*	2,121,000	2,375,000	2,497,000	2,537,200
Intangible assets	*16*	713	1,079	1,576	1,731
Investment in an associate	*17*	–	2,417	1,810	–
Available-for-sale investments	*19*	112,000	112,000	112,000	–
Equity instruments at fair value through other comprehensive income	*20*	–	–	–	121,500
Prepayments, deposits and other receivables	*24*	44,389	88,729	–	–
Deferred tax assets	*18*	55,990	118,115	162,062	187,035
Total non-current assets		2,446,609	2,806,443	2,942,562	2,983,829
CURRENT ASSETS					
Available-for-sale investments	*19*	270,000	300,000	240,000	–
Properties under development	*21*	4,971,204	7,143,006	7,916,216	9,277,919
Completed properties held for sale	*22*	305,029	331,467	1,388,673	780,048
Trade receivables	*23*	11,047	7,161	38,924	31,592
Due from related companies	*37*	748,386	648,986	801,082	364,336
Due from a shareholder	*37*	–	300	600	–
Prepayments, deposits and other receivables	*24*	378,959	913,428	1,198,427	1,460,084
Tax recoverable		49,312	143,597	147,706	188,127
Restricted cash	*25*	87,946	123,826	211,110	582,957
Pledged deposits	*25*	106,524	15,237	14,933	9,483
Cash and cash equivalents	*25*	44,670	156,801	377,190	671,134
Total current assets		6,973,077	9,783,809	12,334,861	13,365,680
CURRENT LIABILITIES					
Trade payables	*26*	317,542	777,931	1,158,688	990,239
Other payables, deposits received and accruals	*27*	130,838	174,356	289,331	259,351
Contract liabilities	*28*	2,335,742	5,779,392	5,014,139	6,781,782
Due to related companies	*37*	–	185	143,790	2,304
Interest-bearing bank and other borrowings	*29*	1,255,392	1,492,900	590,227	1,813,433
Tax payable	*11*	284,694	264,727	309,692	334,465
Total current liabilities		4,324,208	8,489,491	7,505,867	10,181,574
NET CURRENT ASSETS		2,648,869	1,294,318	4,828,994	3,184,106
TOTAL ASSETS LESS CURRENT LIABILITIES		5,095,478	4,100,761	7,771,556	6,167,935
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*29*	2,836,138	1,765,673	5,397,043	3,889,663
Deferred tax liabilities	*18*	298,560	359,883	386,485	393,572
Total non-current liabilities		3,134,698	2,125,556	5,783,528	4,283,235
NET ASSETS		1,960,780	1,975,205	1,988,028	1,884,700
EQUITY					
Equity attributable to owners of the parent					
Share capital	*30*	–	–	–	–
Reserves	*31*	1,960,458	1,978,560	1,989,229	1,886,475
		1,960,458	1,978,560	1,989,229	1,886,475
Non-controlling interests		322	(3,355)	(1,201)	(1,775)
TOTAL EQUITY		**1,960,780**	**1,975,205**	**1,988,028**	**1,884,700**

Consolidated Statements of Changes in Equity

	Attributable to owners of the parent										
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Equity instruments revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	*Note 31(a)*	*Note 31(d)*	*Note 31(b)*	*Note 31(c)*	*Note 31(e)*	*Note 31(f)*				
As at 1 January 2015	–	–	590,000	–	76,917	–	–	1,240,261	1,907,178	5,284	1,912,462
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	58,380	58,380	(4,962)	53,418
Capital contribution by the then equity holder of a subsidiary	–	–	4,900	–	–	–	–	–	4,900	–	4,900
Acquisition of a subsidiary by the Group from the then equity holder of a subsidiary	–	–	(10,000)	–	–	–	–	–	(10,000)	–	(10,000)
Appropriations to statutory surplus reserve	–	–	–	–	1,704	–	–	(1,704)	–	–	–
As at 31 December 2015 and 1 January 2016	–	–*	584,900*	–*	78,621*	–*	–*	1,296,937*	1,960,458	322	1,960,780
Profit and total comprehensive income for the year	–	–	–	–	–	–	–	24,723	24,723	(2,868)	21,855
Capital contribution from non-controlling shareholders of subsidiaries	–	–	–	491	–	–	–	–	491	3,931	4,422
Acquisition of non-controlling interests	–	–	–	(7,112)	–	–	–	–	(7,112)	(4,740)	(11,852)
As at 31 December 2016 and 1 January 2017	–	–*	584,900*	(6,621)*	78,621*	–*	–*	1,321,660*	1,978,560	(3,355)	1,975,205
Profit for the year	–	–	–	–	–	–	–	137,495	137,495	6,669	144,164
Other comprehensive income for the year:											
Transfer from property, plant and equipment to investment properties, net of tax	–	–	–	–	–	15,134	–	–	15,134	–	15,134
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	17	17
Dividend declared to the then equity holders of subsidiaries	–	–	–	–	–	–	–	(141,960)	(141,960)	–	(141,960)
Dividend declared to the non-controlling shareholder of a subsidiary	–	–	–	–	–	–	–	–	–	(4,532)	(4,532)
Appropriations to statutory surplus reserve	–	–	–	–	22,777	–	–	(22,777)	–	–	–

	Attributable to owners of the parent										
	Share capital	Share premium	Merger reserve	Capital reserve	Statutory surplus reserve	Asset revaluation reserve	Equity instruments revaluation reserve	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 30	*Note 31(a)*	*Note 31(d)*	*Note 31(b)*	*Note 31(c)*	*Note 31(e)*	*Note 31(f)*				
As at 31 December 2017	–	–*	584,900*	(6,621)*	101,398*	15,134*	–*	1,294,418*	1,989,229	(1,201)	1,988,028
Impact of adopting IFRS 9 *(Note 4)*	–	–	–	–	–	–	5,700	–	5,700	–	5,700
Restated balance at 1 January 2018.	–	–	584,900	(6,621)	101,398	15,134	5,700	1,294,418	1,994,929	(1,201)	1,993,728
Issuance of new shares	–	440,279	–	–	–	–	–	–	440,279	–	440,279
Profit for the period	–	–	–	–	–	–	–	78,655	78,655	(1,101)	77,554
Other comprehensive income for the period:											
Net change in fair value of equity instruments at FVOCI, net of tax	–	–	–	–	–	–	1,425	–	1,425	–	1,425
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	5,345	5,345
Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries.	–	–	(627,900)	–	–	–	–	–	(627,900)	–	(627,900)
Acquisition of a non-controlling interest	–	–	–	(913)	–	–	–	–	(913)	(4,818)	(5,731)
As at 30 April 2018	–	440,279*	(43,000)*	(7,534)*	101,398*	15,134*	7,125*	1,373,073*	1,886,475	(1,775)	1,884,700
As at 31 December 2016 and 1 January 2017	–	–	584,900	(6,621)	78,621	–	–	1,321,660	1,978,560	(3,355)	1,975,205
Loss for the period (unaudited)	–	–	–	–	–	–	–	(63,974)	(63,974)	(781)	(64,755)
As at 30 April 2017 (unaudited)	–	–	584,900	(6,621)	78,621	–	–	1,257,686	1,914,586	(4,136)	1,910,450

* These reserve accounts represent the total consolidated reserves of RMB1,960,458,000, RMB1,978,560,000, RMB1,989,229,000 and RMB1,886,475,000 in the consolidated statements of financial position as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

Consolidated Statements of Cash Flows

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit/(loss) before tax		148,556	85,100	335,528	(68,421)	151,968
Adjustments for:						
Depreciation of items of property, plant and equipment	*7,14*	10,077	10,775	12,292	3,117	5,092
Amortisation of other intangible assets	*7,16*	406	470	427	126	144
Loss/(gain) on disposal of items of property, plant and equipment	*6,7*	(858)	(7)	9	–	–
Gain on disposal of an associate	*6*	–	–	–	–	(4,634)
Gain on disposal of a subsidiary	*6,33*	–	–	(1,037)	–	(22,471)
Share of loss of an associate	*17(b)*	–	1,583	2,607	900	844
Fair value gains on investment properties	*15*	(271,000)	(254,000)	(58,000)	(14,000)	(18,847)
Finance costs	*8*	101,855	114,562	133,650	50,651	58,840
Finance income		(15,783)	(8,437)	(9,344)	(2,089)	(5,522)
		(26,747)	(49,954)	416,132	(29,716)	165,414
Increase in properties under development		(1,777,843)	(1,919,729)	(431,334)	(634,973)	(1,242,048)
Decrease/(increase) in completed properties held for sale		235,250	(26,438)	(1,057,206)	(1,507,919)	608,625
Decrease/(increase) in trade receivables		(4,220)	3,886	(31,763)	91	7,003
(Increase)/decrease in prepayments, deposits and other receivables		92,983	(538,506)	(288,433)	94,563	(269,716)
Increase in restricted cash		(21,630)	(35,880)	(87,284)	(246,588)	(371,847)
Decrease/(increase) in pledged deposits		49	(4,058)	318	3,447	5,436
(Decrease)/increase in trade payables		(29,279)	460,389	380,757	(121,075)	(169,078)
Increase in other payables, deposits received and accruals		50,141	43,744	112,112	8,849	2,043
Increase/(decrease) in contract liabilities		1,224,172	3,443,650	(765,253)	1,257,895	1,783,797
Increase in amounts due to related parties		–	35	1,795	540	474
Cash generated from/(used in) operations		(257,124)	1,377,139	(1,750,159)	(1,174,886)	520,103
Interest received		7,249	8,872	4,019	1,243	1,036
Interest paid		(412,250)	(352,229)	(474,429)	(57,324)	(172,108)
Tax paid		(130,065)	(178,299)	(172,897)	(44,812)	(110,323)
Net cash flows from/(used in) operating activities		(792,190)	855,483	(2,393,466)	(1,275,779)	238,708
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(58,673)	(51,712)	(26,437)	(4,256)	(12,437)
Purchase of intangible assets		(280)	(836)	(924)	(767)	(502)
Acquisition of available-for-sale investments		(382,000)	(300,000)	(328,000)	(318,000)	–
Acquisition of financial assets at fair value through profit or loss		–	–	–	–	(390,000)
Disposal of a subsidiary	*33*	–	–	1,019	–	8,581
Disposal of an associate		–	–	–	–	5,600
Disposal of available-for-sale investments		632,000	270,000	388,000	118,000	–
Disposal of financial assets at fair value through profit or loss		–	–	–	–	630,000
Investment in an associate		–	(4,000)	(2,000)	(2,000)	–
Purchase of investment properties		–	–	–	–	(1,048)
Disposal of items of property, plant and equipment		1,273	18	32	–	–
Interest received		8,534	3,602	5,325	846	4,486
Advance to a shareholder	*37*	–	(300)	(300)	(300)	–
Repayment of advance to a shareholder	*37*	–	–	–	–	600
Repayment of advances to related companies	*37*	463,285	328,073	1,037,715	134,972	886,186
Advances to related companies	*37*	(727,798)	(228,673)	(1,189,811)	(131,050)	(449,440)
Net cash flows from/(used in) investing activities		(63,659)	16,172	(115,381)	(202,555)	682,026

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital contribution by the then equity holder of a subsidiary		4,900	–	–	–	–
Issuance of new shares		–	–	–	–	440,279
Capital contribution from non-controlling shareholders of the subsidiaries		–	4,422	–	–	–
Acquisition of subsidiaries by the Group from the then equity holder of subsidiaries		(10,000)	–	–	–	(627,900)
Acquisition of a non-controlling interest		–	(11,852)	–	–	(5,731)
Dividends paid to the then equity holder of subsidiaries		(20,000)	–	–	–	(141,960)
Advance from a related company	*37*	–	150	–	–	–
Repayment of advance from a related company	*37*	–	–	(150)	–	–
Decrease/(increase) in pledged deposits		(95,345)	95,345	(14)	–	14
Proceeds from interest-bearing bank and other borrowings		2,757,690	1,124,500	5,978,800	2,120,000	228,000
Repayment of interest-bearing bank and other borrowings		(1,851,949)	(1,972,089)	(3,249,400)	(682,700)	(519,492)
Net cash flows (used in)/from financing activities		785,296	(759,524)	2,729,236	1,437,300	(626,790)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(70,553)	112,131	220,389	(41,034)	293,944
Cash and cash equivalents at beginning of year/period		115,223	44,670	156,801	156,801	377,190
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		44,670	156,801	377,190	115,767	671,134
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	*25*	239,140	295,864	603,233	497,971	1,263,574
Less: Restricted cash	*25*	87,946	123,826	211,110	370,414	582,957
Pledged deposits	*25*	106,524	15,237	14,933	11,790	9,483
CASH AND CASH EQUIVALENTS AS STATED IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AND STATEMENTS OF CASH FLOWS		44,670	156,801	377,190	115,767	671,134

Statements of Financial Position of the Company

	Notes	31 December 2017	30 April 2018
		RMB'000	RMB'000
NON-CURRENT ASSETS			
Investment in a subsidiary	*41*	–	439,442
Total non-current assets		–	439,442
CURRENT ASSETS			
Cash and cash equivalents	*25*	–	3,171
Total current assets		–	3,171
NET CURRENT ASSETS		–	3,171
TOTAL ASSETS LESS CURRENT LIABILITIES		–	442,613
NET ASSETS		–	442,613
EQUITY			
Share capital	*30*	–	–
Reserves	*31*	–	442,613
TOTAL EQUITY		–	442,613

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company incorporated in the Cayman Islands. The registered office address of the Company is Walkers Corporate Limited, Cayman Corporate Centre, 27 Hospital Road, George Town, Grand Cayman, KY1-9008, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the subsidiaries now comprising the Group were involved in property development, property leasing and providing property management services. The immediate holding company of the Company is Splendid Sun Limited. The controlling shareholders of the Group include Mr. Ge Hekai, Mr. Ge Yiyang, Mr. Ge Heming, Ms. Jin Linyin, Splendid Sun Limited, Sound Limited, Shade (BVI) Limited, Glorious Villa Limited and He Hong Limited (collectively referred to as the "Controlling Shareholders").

The Company and its subsidiaries now comprising the Group underwent the Reorganisation which was completed on 13 April 2018 as set out in the paragraph headed "Reorganisation" in the section headed "Our History and Reorganisation" in the Prospectus. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
Directly held:					
DaFa Blooms Limited ("DaFa Blooms")	*(1)*	British Virgin Islands/ 20 December 2017	US$200	100%	Investment holding
Indirectly held:					
YinYi Holdings (Hong Kong) Limited ("YinYi Holdings")	*(1)*	Hong Kong/ 17 January 2018	HK$200	100%	Investment holding
溫州凱暘企業管理有限公司 Wenzhou Kaiyang Corporate Management Co., Ltd. ("Wenzhou Kaiyang")*	*(1)*	People's Republic of China ("PRC")/ Mainland China/ 14 March 2018	US$70,000,000	100%	Investment holding
上海大發房地產集團有限公司 Shanghai Dafa Land Group Co., Ltd. ("Shanghai Dafa").	*(2)*	PRC/Mainland China/ 24 September 2001	RMB500,000,000	100%	Property development and property leasing

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
安慶市凱潤房地產開發有限公司 Anqing Kairun Property Development Co., Ltd. ("Anqing Kairun Property Development").	*(3)*	PRC/Mainland China/ 21 March 2008	RMB100,000,000	100%	Property development
南京凱鴻房地產開發有限公司 Nanjing Kaihong Real Estate Development Co., Ltd. ("Nanjing Kaihong Real Estate").	*(4)*	PRC/Mainland China/ 26 June 2007	RMB56,000,000	100%	Property development and property leasing
南京凱潤房地產開發有限公司 Nanjing Kairun Real Estate Development Co., Ltd. ("Nanjing Kairun Real Estate").	*(4)*	PRC/Mainland China/ 21 August 2003	RMB56,000,000	100%	Property development and property leasing
南京凱泫置業有限公司 Nanjing Kaixuan Real Estate Co., Ltd. ("Nanjing Kaixuan Real Estate").	*(5)*	PRC/Mainland China/ 13 January 2015	RMB58,000,000	100%	Property development
南京凱洲置業有限公司 Nanjing Kaizhou Real Estate Co., Ltd. ("Nanjing Kaizhou Real Estate").	*(4)*	PRC/Mainland China/ 1 July 2009	RMB50,020,000	100%	Property development
上海凱暘置業有限公司 Shanghai Kaiyang Real Estate Co., Ltd. ("Shanghai Kaiyang Real Estate").	*(6)*	PRC/Mainland China/ 11 December 2015	RMB260,210,000	100%	Property development
上海垠壹置業有限公司 Shanghai Yinyi Real Estate Co., Ltd. ("Shanghai Yinyi Real Estate").	*(2)*	PRC/Mainland China/ 10 October 2014	RMB100,000,000	100%	Property development
溫州市凱潤置業有限公司 Wenzhou Kairun Real Estate Co., Ltd. ("Wenzhou Kairun Real Estate").	*(7)*	PRC/Mainland China/ 13 November 2013	RMB100,000,000	100%	Property development
溫州市垠壹置業有限公司 Wenzhou Yinyi Real Estate Co., Ltd. ("Wenzhou Yinyi Real Estate").	*(8)*	PRC/Mainland China/ 19 June 2015	RMB100,000,000	100%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
溫州市貴垠置業有限公司 Wenzhou Guiyin Real Estate Co., Ltd. ("Wenzhou Guiyin Real Estate")	*(12)*	PRC/Mainland China/ 28 February 2017	RMB100,000,000	100%	Property development
寧波凱暘置業有限公司 Ningbo Kaiyang Real Estate Co., Ltd. ("Ningbo Kaiyang Real Estate")	*(14)*	PRC/Mainland China/ 16 November 2016	RMB100,000,000	100%	Property development
南京凱澤投資有限公司 Nanjing Kaize Investment Co., Ltd. ("Nanjing Kaize Investment")	*(11)*	PRC/Mainland China/ 20 August 2015	RMB50,000,000	100%	Investment holding
上海凱暘實業發展有限公司 Shanghai Kaiyang Industry Co., Ltd. *(Note (a))* ("Shanghai Kaiyang Industry")	*(18)*	PRC/Mainland China/ 7 September 2015	RMB50,000,000	100%	Investment holding
上海垠毅投資有限公司 Shanghai Yinyi Investment Co., Ltd. ("Shanghai Yinyi Investment")	*(18)*	PRC/Mainland China/ 7 September 2015	RMB10,000,000	100%	Investment holding
上海凱沅貿易有限公司 Shanghai Kaiyuan Trade Co., Ltd. *(Note (b))* ("Shanghai Kaiyuan Trade")	*(9)*	PRC/Mainland China/ 16 February 2015	RMB50,000,000	95.534%	Investment holding
上海融闕實業發展有限公司 Shanghai Rongque Industry Co., Ltd. ("Shanghai Rongque Industry")	*(15)*	PRC/Mainland China/ 17 March 2017	RMB50,000,000	100%	Not yet commence operation
上海貴垠實業發展有限公司 Shanghai Guiyin Industry Co., Ltd. ("Shanghai Guiyin Industry")	*(10)*	PRC/Mainland China/ 1 November 2016	RMB50,000,000	90%	Investment holding
上海望垠實業發展有限公司 Shanghai Wangyin Industry Co., Ltd. ("Shanghai Wangyin Industry")	*(10)*	PRC/Mainland China/ 6 July 2016	RMB50,000,000	93.21%	Investment holding
上海瀚檀實業發展有限公司 Shanghai Hanqi Industry Co., Ltd. ("Shanghai Hanqi Industry")	*(15)*	PRC/Mainland China/ 19 April 2017	RMB50,000,000	100%	Not yet commence operation

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
上海煜闕實業發展有限公司 Shanghai Yuque Industry Co., Ltd. ("Shanghai Yuque Industry")	*(15)*	PRC/Mainland China/ 19 April 2017	RMB50,000,000	100%	Investment holding
溫州市凱澤置業有限公司 Wenzhou Kaize Real Estate Co., Ltd. ("Wenzhou Kaize Real Estate").	*(12)*	PRC/Mainland China/ 29 March 2017	RMB100,000,000	100%	Property development
上海瀚泫實業發展有限公司 Shanghai Hanxuan Industry Co., Ltd. ("Shanghai Hanxuan Industry")	*(15)*	PRC/Mainland China/ 12 May 2017	RMB50,000,000	100%	Investment holding
舟山凱舟置業有限公司 Zhoushan Kaizhou Real Estate Co., Ltd. ("Zhoushan Kaizhou Real Estate").	*(17)*	PRC/Mainland China/ 23 June 2017	RMB100,000,000	100%	Property development
安慶市垠壹置業有限公司 Anqing Yinyi Real Estate Co., Ltd. ("Anqing Yinyi Real Estate") *(Note (c))* .	*(13)*	PRC/Mainland China/ 8 August 2017	RMB476,078,400	100%	Property development
南京泫垠置業有限公司 Nanjing Xuanyin Real Estate Co., Ltd. ("Nanjing Xuanyin Real Estate").	*(16)*	PRC/Mainland China/ 15 June 2017	RMB50,000,000	100%	Not yet commence operation
南京歌暘置業有限公司 Nanjing Geyang Real Estate Co., Ltd. ("Nanjing Geyang Real Estate").	*(16)*	PRC/Mainland China/ 15 June 2017	RMB50,000,000	100%	Not yet commence operation
南京齊垠置業有限公司 Nanjing Qiyin Real Estate Co., Ltd. ("Nanjing Qiyin Real Estate").	*(16)*	PRC/Mainland China/ 15 June 2017	RMB50,000,000	100%	Property development

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
蕪湖垠壹置業有限公司 Wuhu Yinyi Real Estate Co., Ltd. ("Wuhu Yinyi Real Estate")	*(16)*	PRC/Mainland China/ 13 November 2017	RMB50,000,000	100%	Not yet commence operation
蕪湖歌暘置業有限公司 Wuhu Geyang Real Estate Co., Ltd. ("Wuhu Geyang Real Estate") . . .	*(1)*	PRC/Mainland China/ 16 April 2018	RMB10,000,000	100%	Property development
蕪湖齊垠置業有限公司 Wuhu Qiyin Real Estate Co., Ltd. ("Wuhu Qiyin Real Estate")	*(1)*	PRC/Mainland China/ 16 April 2018	RMB10,000,000	100%	Not yet commence operation
蕪湖泫垠置業有限公司 Wuhu Xuanyin Real Estate Co., Ltd. ("Wuhu Xuanyin Real Estate") . .	*(1)*	PRC/Mainland China/ 16 April 2018	RMB10,000,000	100%	Not yet commence operation
南京齊城置業有限公司 Nanjing Qicheng Real Estate Co., Ltd. ("Nanjing Qicheng Real Estate")	*(1)*	PRC/Mainland China/ 19 April 2018	RMB10,000,000	100%	Not yet commence operation
南京垠坷置業有限公司 Nanjing Yinke Real Estate Co., Ltd. ("Nanjing Yinke Real Estate")	*(1)*	PRC/Mainland China/ 2 May 2018	RMB10,000,000	100%	Not yet commence operation
南京齊坷置業有限公司 Nanjing Qike Real Estate Co., Ltd. ("Nanjing Qike Real Estate")	*(1)*	PRC/Mainland China/ 2 May 2018	RMB10,000,000	100%	Not yet commence operation
邳州垠壹置業有限公司 Pizhou Yinyi Real Estate Co., Ltd. ("Pizhou Yinyi Real Estate")	*(1)*	PRC/Mainland China/ 4 May 2018	RMB100,000,000	100%	Property development
上海瀚顏實業發展有限公司 Shanghai Hanyan Industry Co., Ltd. ("Shanghai Hanyan Industry")	*(1)*	PRC/Mainland China/ 16 May 2018	RMB50,000,000	100%	Not yet commence operation
上海瀚本實業發展有限公司 Shanghai Hanben Industry Co., Ltd. ("Shanghai Hanben Industry")	*(1)*	PRC/Mainland China/ 22 May 2018	RMB50,000,000	100%	Not yet commence operation

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
長興垠壹置業有限公司 Changxing Yinyi Real Estate Co., Ltd. ("Changxing Yinyi Real Estate").	*(1)*	PRC/Mainland China/ 18 May 2018	RMB50,000,000	55%	Property development
寧夏大發房地產開發有限公司 Ningxia Dafa Property Development Co., Ltd. ("Ningxia Dafa Property Development").	*(1)*	PRC/Mainland China/ 23 May 2018	RMB10,000,000	100%	Not yet commence operation
蕪湖泫暘置業有限公司 Wuhu Xuanyang Real Estate Co., Ltd. ("Wuhu Xuanyang Real Estate").	*(1)*	PRC/Mainland China/ 24 May 2018	RMB10,000,000	100%	Property development
寧波凱合置業有限公司 Ningbo Kaihe Real Estate Co., Ltd. ("Ningbo Kaihe Real Estate").	*(1)*	PRC/Mainland China/ 24 May 2018	RMB10,000,000	100%	Not yet commence operation
寧波凱仁置業有限公司 Ningbo Kairen Real Estate Co., Ltd. ("Ningbo Kairen Real Estate").	*(1)*	PRC/Mainland China/ 24 May 2018	RMB10,000,000	100%	Not yet commence operation
合肥凱潤房地產開發有限公司 Hefei Kairun Property Development Co., Ltd. ("Hefei Kairun Property Development").	*(1)*	PRC/Mainland China/ 28 May 2018	RMB10,000,000	100%	Not yet commence operation
上海瀚房實業發展有限公司 Shanghai Hanfang Industry Development Co., Ltd. ("Shanghai Hanfang Industry")	*(1)*	PRC/Mainland China/ 29 May 2018	RMB50,000,000	100%	Not yet commence operation
溫州市和鴻置業有限公司 Wenzhou Hehong Real Estate Co., Ltd. ("Wenzhou Hehong Real Estate").	*(1)*	PRC/Mainland China/ 4 June 2018	RMB10,000,000	100%	Not yet commence operation
溫州市泫垠置業有限公司 Wenzhou Xuanyin Real Estate Co., Ltd. ("Wenzhou Xuanyin Real Estate").	*(1)*	PRC/Mainland China/ 4 June 2018	RMB10,000,000	100%	Not yet commence operation

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
甘肅大發房地產開發有限公司 Gansu Dafa Property Development Co., Ltd. ("Gansu Dafa Property Development)	*(1)*	PRC/Mainland China/ 5 June 2018	RMB10,000,000	100%	Not yet commence operation
句容泫垠置業有限公司 Jurong Xuanyin Real Estate Co., Ltd. ("Jurong Xuanyin Real Estate")	*(1)*	PRC/Mainland China/ 13 June 2018	RMB20,000,000	100%	Property development
射陽煜闕置業有限公司 Sheyang Yuque Real Estate Co., Ltd. ("Sheyang Yuque Real Estate")	*(1)*	PRC/Mainland China/ 14 June 2018	RMB20,000,000	100%	Property development
上海垠澤置業有限公司 Shanghai Yinze Real Estate Co., Ltd. ("Shanghai Yinze Real Estate")	*(1)*	PRC/Mainland China/ 14 June 2018	RMB10,000,000	100%	Not yet commence operation
陝西凱潤房地產開發有限公司 Shaanxi Kairun Property Development Co., Ltd. ("Shaanxi Kairun Property Development")	*(1)*	PRC/Mainland China/ 26 June 2018	RMB10,000,000	100%	Not yet commence operation
合肥煜闕房地產開發有限公司 Hefei Yuque Property Development Co., Ltd. ("Hefei Yuque Property Development")	*(1)*	PRC/Mainland China/ 27 June 2018	RMB10,000,000	100%	Not yet commence operation
合肥融闕房地產開發有限公司 Hefei Rongque Property Development Co., Ltd. ("Hefei Rongque Property Development")	*(1)*	PRC/Mainland China/ 28 June 2018	RMB10,000,000	100%	Not yet commence operation
合肥久發房地產開發有限公司 Hefei Jiufa Property Development Co., Ltd. ("Hefei Jiufa Property Development")	*(1)*	PRC/Mainland China/ 28 June 2018	RMB10,000,000	100%	Not yet commence operation
上海瀚由實業發展有限公司 Shanghai Hanyou Industry Development Co., Ltd. ("Shanghai Hanyou Industry")	*(1)*	PRC/Mainland China/ 29 June 2018	RMB50,000,000	100%	Not yet commence operation

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
深圳瀚樘實業發展有限公司 Shenzhen Hanqi Industry Development Co., Ltd. ("Shenzhen Hanqi Industry Development") .	*(1)*	PRC/Mainland China/ 3 July 2018	RMB10,000,000	100%	Not yet commence operation
上海垠望置業有限公司 Shanghai Yinwang Real Estate Co., Ltd. ("Shanghai Yinwang Real Estate").	*(1)*	PRC/Mainland China/ 3 July 2018	RMB10,000,000	100%	Not yet commence operation
寧波凱澤置業有限公司 Ningbo Kaize Real Estate Co., Ltd. ("Ningbo Kaize Real Estate").	*(1)*	PRC/Mainland China/ 28 June 2018	RMB10,000,000	100%	Not yet commence operation
寧波凱立置業有限公司 Ningbo Kaili Real Estate Co., Ltd. ("Ningbo Kaili Real Estate").	*(1)*	PRC/Mainland China/ 28 June 2018	RMB10,000,000	100%	Not yet commence operation
寧波凱元置業有限公司 Ningbo Kaiyuan Real Estate Co., Ltd. ("Ningbo Kaiyuan Real Estate") . .	*(1)*	PRC/Mainland China/ 27 June 2018	RMB10,000,000	100%	Not yet commence operation
深圳煜闕實業發展有限公司 Shenzhen Yuque Industry Development Co., Ltd. ("Shenzhen Yuque Industry Development") .	*(1)*	PRC/Mainland China/ 1 August 2018	RMB10,000,000	100%	Not yet commence operation
深圳融闕實業發展有限公司 Shenzhen Rongque Industry Development Co., Ltd. ("Shenzhen Rongque Industry Development").	*(1)*	PRC/Mainland China/ 2 August 2018	RMB10,000,000	100%	Not yet commence operation
深圳市瀚從實業發展有限公司 Shenzhen Hancong Industry Development Co., Ltd. ("Shenzhen Hancong Industry Development").	*(1)*	PRC/Mainland China/ 1 August 2018	RMB10,000,000	100%	Not yet commence operation
上海垠珏置業有限公司 Shanghai Yinjue Real Estate Co., Ltd. ("Shanghai Yinjue Real Estate").	*(1)*	PRC/Mainland China/ 25 July 2018	RMB10,000,000	100%	Not yet commence operation
寧波余姚市凱潤置業有限公司 Ningbo Yuyao Kairun Real Estate Co., Ltd. ("Ningbo Yuyao Kairun Real Estate").	*(1)*	PRC/Mainland China/ 23 July 2018	RMB10,000,000	100%	Not yet commence operation

Subsidiaries	Notes	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
湖州市垠澤置業有限公司 Huzhou Yinze Real Estate Co., Ltd. ("Huzhou Yinze Real Estate")	*(1)*	PRC/Mainland China/ 26 July 2018	RMB50,000,000	100%	Not yet commence operation
湖州市垠望置業有限公司 Huzhou Yinwang Real Estate Co., Ltd. ("Huzhou Yinwang Real Estate")	*(1)*	PRC/Mainland China/ 26 July 2018	RMB50,000,000	100%	Not yet commence operation
嘉興市凱澤置業有限公司 Jiaxing Kaize Real Estate Co., Ltd. ("Jiaxing Kaize Real Estate")	*(1)*	PRC/Mainland China/ 9 August 2018	RMB50,000,000	100%	Not yet commence operation
英德市煜闕置業有限公司 Yingde Yuque Real Estate Co., Ltd. ("Yingde Yuque Real Estate")	*(1)*	PRC/Mainland China/ 24 August 2018	RMB50,000,000	100%	Not yet commence operation
成都瀚辰置業有限公司 Chengdu Hanchen Real Estate Co., Ltd. ("Chengdu Hanchen Real Estate")	*(1)*	PRC/Mainland China/ 20 August 2018	RMB10,000,000	100%	Not yet commence operation
成都瀚澤置業有限公司 Chengdu Hanze Real Estate Co., Ltd. ("Chengdu Hanze Real Estate")	*(1)*	PRC/Mainland China/ 20 August 2018	RMB10,000,000	100%	Not yet commence operation
邛崍市瀚顏房地產開發有限公司 Qionglai Hanyan Property Development Co., Ltd. ("Qionglai Hanyan Property Development")	*(1)*	PRC/Mainland China/ 14 August 2018	RMB50,000,000	100%	Not yet commence operation
上海發大信息科技有限公司 Shanghai Fada Information Technology Co., Ltd. ("Shanghai Fada")	*(1)*	PRC/Mainland China/ 16 August 2018	RMB10,000,000	100%	Not yet commence operation
陝西凱瀚房地產開發有限公司 Shaanxi Kaihan Property Development Co., Ltd. ("Shaanxi Kaihan Property")	*(1)*	PRC/Mainland China/ 6 September 2018	RMB10,000,000	100%	Not yet commence operation

Subsidiaries	*Notes*	Place and date of incorporation/ establishment and place of operations	Nominal value of registered share capital	Percentage of equity interest attributable to the Company	Principal activities
陝西凱望房地產開發有限公司 Shaanxi Kaiwang Property Development Co., Ltd. ("Shaanxi Kaiwang Property")	*(1)*	PRC/Mainland China/ 6 September 2018	RMB10,000,000	100%	Not yet commence operation
上海本瀚實業發展有限公司 Shanghai Benhan Industry Development Co., Ltd. ("Shanghai Benhan Industry")	*(1)*	PRC/Mainland China/ 27 August 2018	RMB50,000,000	100%	Not yet commence operation
上海瀚闕實業發展有限公司 Shanghai Hanque Industry Co., Ltd. ("Shanghai Hanque Industry")	*(1)*	PRC/Mainland China/ 10 September 2018	RMB50,000,000	100%	Not yet commence operation
徐州市瀚榿置業有限公司 Xuzhou Hankai Real Estate Co., Ltd. ("Xuzhou Hankai Real Estate")	*(1)*	PRC/Mainland China/ 13 September 2018	RMB10,000,000	100%	Not yet commence operation
重慶融闕置業有限公司 Chongqing Rongque Real Estate Co., Ltd. ("Chongqing Rongque Real Estate")	*(1)*	PRC/Mainland China/ 17 September 2018	RMB10,000,000	100%	Not yet commence operation
溫州市凱泫置業有限公司 Wenzhou Kaixuan Real Estate Co., Ltd. ("Wenzhou Kaixuan Real Estate")	*(1)*	PRC/Mainland China/ 23 August 2018	RMB10,000,000	100%	Not yet commence operation
溫州市垠澤置業有限公司 Wenzhou Yinze Real Estate Co., Ltd. ("Wenzhou Yinze Real Estate")	*(1)*	PRC/Mainland China/ 23 August 2018	RMB10,000,000	100%	Not yet commence operation

* Wenzhou Kaiyang is registered as a wholly-foreign-owned enterprise under PRC laws.

The English names of all group companies registered in the PRC represent the best efforts made by management of the Company to translate the Chinese names of these companies as they do not have official English names.

Note (a): Formerly known as 上海凱暘投資有限公司 ("Shanghai Kaiyang Investment Co., Ltd.")

Note (b): Formerly known as 上海凱沅投資有限公司 ("Shanghai Kaiyuan Investment Co., Ltd.")

Note (c): The percentage of attributable equity interests presented is the beneficiary interests held by the Group. The equity interests in Anqing Yinyi Real Estate legally held by the Group is lower than the beneficiary interests because of the existence of trust financing arrangement. The Group legally transferred the equity interests in Anqing Yinyi Real Estate as collateral as at the date of this report. The percentage of equity pledged in Anqing Yinyi Real Estate is 20.18% as at the date of this report.

Under the afore-stated arrangement, the Group was obliged to repurchase on at a fixed amount on a future date upon repayment of the borrowings from the trust financing company. Meanwhile, the Group retains the power to operate and manage Anqing Yinyi Real Estate in the ordinary course of business. In this regard, considering the facts that the substance of the arrangement is to collateralise 20.18% of equity interests in Anqing Yinyi Real Estate for the borrowings for project development and the Group retains the practical ability to govern the financial and operating policies of Anqing Yinyi Real Estate so as to obtain benefits from the operating activities of Anqing Yinyi Real Estate, the directors of the Company are of the view that the financial position and operating results of Anqing Yinyi Real Estate should be consolidated into the Group's financial statements in full, irrespective of the equity transfers from legal perspective.

(1) No audited financial statements have been prepared for these entities since incorporation, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

(2) The statutory financial statements of these entities for the years ended 31 December 2015, 2016 and 2017 prepared in accordance with PRC generally accepted accounting principles ("PRC GAAP") and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(3) The statutory financial statements of this entity for the years ended 31 December 2015, 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui Hengjian Certified Public Accountants General Partnership (安徽恒健會計師事務所(普通合夥企業)), a certified public accounting firm registered in the PRC.

(4) The statutory financial statements of these entities for the years ended 31 December 2015, 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Nanjing Huashengxinwei Certified Public Accountants General Partnership (南京華勝信偉會計師事務所), a certified public accounting firm registered in the PRC.

(5) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2015 and for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Nanjing Huashengxinwei Certified Public Accountants General Partnership (南京華勝信偉會計師事務所) and for the year ended 31 December 2017 were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.

(6) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2016 and for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(7) The statutory financial statements of this entity for the years ended 31 December 2015 and 2016 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Zhongyuanlide Certified Public Accountants (溫州中源立德會計師事務所) and for the year ended 31 December 2017 were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.

(8) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2015 and for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Zhongyuanlide Certified Public Accountants (溫州中源立德會計師事務所) and for the year ended 31 December 2017 were audited by Wenzhou Huaming Certified Public Accountants Co., Ltd. (溫州華明會計師事務所有限公司), respectively, certified public accounting firms registered in the PRC.

(9) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2015 and for the year ended 31 December 2016 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(10) The statutory financial statements of these entities for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(11) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Nanjing Huashengxinwei Certified Public Accountants General Partnership (南京華勝信偉會計師事務所), a certified public accounting firm registered in the PRC.

(12) The statutory financial statements of these entities for the period from their dates of establishment to 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Wenzhou Huaming Certified Public Accountants Co., Ltd. (溫州華明會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(13) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Anhui Hengjian Certified Public Accountants General Partnership (安徽恒健會計師事務所), a certified public accounting firm registered in the PRC.

(14) The statutory financial statements of this entity for the year ended 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Ningbo High-tech Zone Yongrui Certified Public Accountants General Partnership (寧波高新區甬瑞會計師事務所), a certified public accounting firm registered in the PRC.

(15) The statutory financial statements of these entities for the period from their dates of establishment to 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

(16) The statutory financial statements of these entities for the period from their dates of establishment to 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Nanjing Huashengxinwei Certified Public Accountants General Partnership (南京華勝信偉會計師事務所), a certified public accounting firm registered in the PRC.

(17) The statutory financial statements of this entity for the period from its date of establishment to 31 December 2017 prepared in accordance with PRC GAAP and regulations were audited by Ningbo High-tech Zone Yongrui Certified Public Accountants General Partnership (寧波高新區甬瑞會計師事務所), a certified public accounting firm registered in the PRC.

(18) The statutory financial statements of these entities for the period from their date of establishment to 31 December 2015 and for the years ended 31 December 2016 and 2017 prepared in accordance with PRC GAAP and regulations were audited by Shanghai Xiaotiancheng Certified Public Accountants Co., Ltd. (上海驍天誠會計師事務所有限公司), a certified public accounting firm registered in the PRC.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the paragraph headed "Reorganisation" in the section headed "Our History and Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group subsequent to the end of each of the Relevant Periods on 13 April 2018. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganisation. Accordingly, for the purpose of this report, the Historical Financial Information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganisation had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2015, 2016 and 2017 and 30 April 2018 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganisation.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganisation are presented as non-controlling interests in equity in applying the principles of merger accounting.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All intra-group transactions and balances have been eliminated on combination in full.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards ("IFRSs") which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). Except for IFRS 9, *Financial Instruments*, all IFRSs effective for the accounting period commencing from 1 January 2018, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Group has applied IFRS 9, effective for the period beginning on or after 1 January 2018. The Group has not restated financial information from 1 January 2015 to 31 December 2017 for financial instruments in the scope of IFRS 9. The financial information from 1 January 2015 to 31 December 2017 is reported under International Accounting Standard 39 ("IAS 39") and is not comparable to the information presented for 2018. Differences arising from the adoption of IFRS 9 have been recognised directly in opening balance of reserves as at 1 January 2018 and are disclosed in note 4 to the Historical Financial Information.

Besides, IFRS 15 *Revenue from Contracts with Customers* and amendments to IFRS 15 *Clarification to IFRS 15 Revenue from Contracts with Customers*, which are effective for annual periods beginning on or after 1 January 2018, have been early adopted by the Company in the preparation of the Historical Financial Information throughout the Relevant Periods. Early adoption of IFRS 15 and amendments to it is permitted.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties, available-for-sale ("AFS") investments, financial assets at fair value through profit or loss ("FVPL") and equity instruments at fair value through other comprehensive income which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in this Historical Financial Information. The Group intends to adopt them, if applicable, when they become effective.

Amendments to IFRS 9	*Prepayment Features with Negative Compensation*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
IFRS 16	*Leases*[1]
IFRS 17	*Insurance Contracts*[2]
Amendments to IAS 19	*Plan Amendment, Curtailment or Settlement*[1]
Amendments to IAS 28	*Long-term Interests in Associates and Joint Ventures*[1]
IFRIC Interpretation 23	*Uncertainty over Income Tax Treatments*[1]
Annual Improvements to IFRSs 2015-2017 Cycle	Amendments to the following standards:
	– IFRS 3 *Business Combinations*[1]
	– IFRS 11 *Joint Arrangements*[1]
	– IAS 12 *Income Taxes*[1]
	– IAS 23 *Borrowing Costs*[1]

1 Effective for annual period beginning on or after 1 January 2019

2 Effective for annual period beginning on or after 1 January 2021

3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

IFRS 16 replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating Leases – Incentives* and SIC 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses unless the right-of-use asset meets the definition of investment property in IAS 40 *Investment Property* or relates to a class of property, plant and equipment to which the revaluation model is applied. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments. Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under IFRS 16 is substantially unchanged from the accounting under IAS 17. Lessors will continue to classify all leases using the same classification principle as in IAS 17 and distinguish between operating leases and finance leases. IFRS 16 requires lessees and lessors to make more extensive disclosure than IAS 17. Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The directors of the Company consider that the adoption of IFRS 16 will primarily affect the Group's accounting treatment as a lessee of leases which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in profit or loss over the period of the lease. The Group's future aggregate minimum lease payments under non-cancellable operating leases as at 30 April 2018 were RMB8,205,000, with the minimum lease payments due less than one year amounting to RMB3,924,000 and those due more than one year and less than five years amounting to RMB4,281,000. Given that the Group had total assets of RMB16,349,509,000 and total liabilities of RMB14,464,809,000 as at 30 April 2018, the directors of the Company is of the view that the initial adoption of IFRS 16 would not have significant impact on the financial performance and position of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are stated at cost less any impairment losses.

Business combinations other than common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income ("OCI") of an associate are included in the consolidated statements of profit or loss and consolidated statements of OCI, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the statements of profit or loss.

When an investment in an associate is classified as held for sale, it is accounted for in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Fair value measurement

The Group measures its investment properties and unlisted fund investments classified as available-for-sale investments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, properties under development, completed properties held for sale and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statements of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statements of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3%
Motor vehicles	16%-24%
Office equipment and electronic devices	19%-32%
Leasehold improvements	13%-33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statements of profit or loss in the year the asset derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the Relevant Periods.

Gains or losses arising from changes in the fair values of investment properties are included in the statements of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statements of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with IAS 16 *Property, Plant and Equipment* up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation and carried in the asset revaluation reserve in equity. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statements of profit or loss.

Transfer to or from investment property

Transfers to or from investment property shall be made when and only when there is a change in use evidenced by:

(a) commencement of owner-occupation, for a transfer from investment property to owner-occupied property;

(b) commencement of development with a view to sale, for a transfer from investment property to inventories;

(c) end of owner-occupation, for a transfer from owner-occupied property to investment property; or

(d) commencement of an operating lease to another party, for a transfer from inventories to investment property.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless those will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development cost

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land cost.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 years.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statements of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statements of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statements of profit or loss on the straight-line basis over the lease terms.

Investments and other financial assets (under IAS 39)

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance income in the statements of profit or loss. The loss arising from impairment is recognised in the statements of profit or loss in finance cost for loans and in other expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as OCI in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the statements of profit or loss in finance income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the statements of profit or loss in other expenses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the statements of profit or loss as finance income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to the statements of profit or loss over the remaining life of the asset using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statements of profit or loss.

Derecognition of financial assets (under IAS 39 and IFRS 9)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets (under IAS 39)

The Group assesses at the end of each of the Relevant Periods whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the statements of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to other expenses in the statements of profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each of the Relevant Periods whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statements of profit or loss, is removed from OCI and recognised in the statements of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statements of profit or loss – is removed from OCI and recognised in the statements of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in OCI.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statements of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of comprehensive income if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statements of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

Financial liabilities (under IAS 39 and IFRS 9)

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instruments. The Group determines the classification of its financial liabilities at initial recognition. Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(i) Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities (under IAS 39 and IFRS 9)

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statements of profit or loss.

Financial assets (under IFRS 9)

Initial recognition and measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

(i) Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortised cost: Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of profit or loss when the assets are derecognised or impaired, and through amortisation process.

Fair value through other comprehensive income: Financial assets that are held for collection of contractual of cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in OCI, except impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or financial assets at fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the statement of profit or loss in the period in which it arises. Interest income from these financial assets is included in the finance income.

(ii) Equity instruments

The Group subsequently measures all equity investments at fair value. On initial recognition of an equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in the statement of profit or loss when the Group's right to receive payments is established.

Changes in fair value of financial assets at fair value through profit or loss are recognised in the statement of profit or loss as applicable.

Changes in fair value of financial assets at FVOCI are recognised in OCI.

Impairment

The Group has types of financial assets subject to IFRS 9's new expected credit loss model: trade receivables, financial assets included in prepayments, deposits and other receivables, due from related companies, due from a shareholder, restricted cash, pledged deposits and cash and cash equivalents.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of trade receivables.

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost including other receivables, and with the exposure arising from financial guarantee contracts. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 40 credit risk details how the Group determines whether there has been a significant increase in credit risk since initial recognition.

Impairment on other financial assets (excluding trade receivables) are measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statements of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statements of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statements of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and services provided in the ordinary course of the Group's activities. Revenue is shown, net of taxes.

Sales of properties

Revenues are recognised when or as the control of the asset is transferred to the purchaser. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance

- provides benefits which are received and consumed simultaneously by the purchaser; or
- creates and enhances an asset that the purchaser controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the purchaser obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Property management service income

Property management service income derived from the provision of property maintenance and management services is recognised when the relevant services are rendered and the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs.

Interest income

Interest income is recognised, on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established.

Other employee retirement benefits

Pension Scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute certain proportion of its payroll costs to the central pension scheme. The contributions are charged to the statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the Financial Information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in RMB, which is the Company's functional currency because the Group's principal operations are carried out in the PRC. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statements of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statements of profit or loss.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Provision of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

PRC corporate income tax ("CIT")

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Estimate of fair value of investment properties

Investment properties carried at fair value were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the Relevant Periods.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amounts of investment properties at 31 December 2015, 2016 and 2017 and 30 April 2018 were RMB2,121,000,000, RMB2,375,000,000, RMB2,497,000,000 and RMB2,537,200,000, respectively.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 18 to the Historical Financial Information.

4. TRANSITION DISCLOSURES

The following sets out the impact of adopting IFRS 9 on the consolidated statement of financial position and reserves, including the effect of replacing IAS 39's incurred credit loss calculations with IFRS 9's expected credit losses (ECLs).

A reconciliation between the carrying amounts under IAS 39 to the balances reported under IFRS 9 as of 1 January 2018 is, as follows:

In RMB'000		IAS 39 measurement			Remeasurement		IFRS 9 measurement	
Financial assets	**Ref**	**Category**	**Amount**	**Reclassification**	**ECL**	**Other**	**Amount**	**Category**
Due from related companies		L&R*	801,082	–	–		801,082	AC**
Due from a shareholder		L&R	600	–	–		600	AC
Trade receivables		L&R	38,924	–	–		38,924	AC
Financial assets included in prepayments, deposits and other receivables		L&R	51,590	–	–		51,590	AC
Restricted cash		L&R	211,110	–	–		211,110	AC
Pledged deposits		L&R	14,933	–	–		14,933	AC
Cash and cash equivalents		L&R	377,190	–	–		377,190	AC
		L&R	1,495,429	–	–		1,495,429	AC
Financial investments – AFS			352,000	(352,000)			N/A	
To: Financial asset at FVPL	*A****			*(240,000)*				
Equity instruments at FVOCI	*B*****			*(112,000)*				
		AFS	352,000	(352,000)			N/A	
Financial assets at FVPL			N/A	240,000			240,000	FVPL
From: Financial investments – AFS	*A*			*240,000*				
			N/A	240,000			240,000	FVPL
Equity instruments at FVOCI			N/A	112,000		7,600	119,600	FVOCI
From: Financial investments – AFS	*B*			*112,000*				
			N/A	112,000		7,600	119,600	FVOCI
Trade payables		AC	1,158,688	–		–	1,158,688	AC
Financial liabilities included in other payables, deposits received and accruals		AC	191,831	–		–	191,831	AC
Due to related companies		AC	143,790	–		–	143,790	AC
Interest-bearing bank and other borrowings		AC	5,987,270	–		–	5,987,270	AC
		AC	7,481,579	–		–	7,481,579	AC

*L&R: Loans and receivables

**AC: Amortised cost

***A: As at 1 January 2018, the Group classified a portion of its AFS as financial assets at FVPL as these financial instruments were held for trading.

****B: As at 1 January 2018, the Group elected to apply the FVOCI option on an unlisted equity instrument which was previously classified as AFS as this equity instrument was not held for trading.

The impact of transition to IFRS 9 on reserves is, as follows:

	Reserves
	RMB'000
Equity instruments revaluation reserve:	
Closing balance as at 31 December 2017 under IAS 39	–
Revaluation gains on equity instruments at FVOCI	7,600
Deferred tax in relation to the above	(1,900)
Opening balance as at 1 January 2018	5,700

There was no significant impact by replacing the aggregate opening loan loss provision allowances under IAS 39 with ECL allowances under IFRS 9 on financial instruments as at 1 January 2018.

5. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes property development and leasing and commercial property management by project location for the purpose of making decisions about resource allocation and performance assessment, while no revenue, net profit or total assets from a single location exceeded 10% of the Group's consolidated revenue, net profit or total assets. As all locations have similar economic characteristics with similar nature of property development and leasing and management, nature of the aforementioned business processes, type or class of customers for the aforementioned businesses and methods used to distribute the properties or provide the services, all locations were aggregated as one reportable operating segment.

Geographical information

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operation in the Mainland China and no non-current assets of the Group are located outside the Mainland China.

Information about major customers

No sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

6. REVENUE, OTHER INCOME AND GAINS

Revenue represented income from the sale of properties, rental income, and property management services during the Relevant Periods.

An analysis of revenue and other income and gains is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue					
Sale of properties	615,760	623,671	4,476,569	58,336	854,627
Property lease income	66,729	73,675	85,044	27,228	21,869
Property management services	6,506	7,300	8,023	2,482	1,479
	688,995	704,646	4,569,636	88,046	877,975
Represented by:					
Revenue from sales of properties:					
Recognised at a point in time	615,760	623,671	4,476,569	58,336	854,627
Revenue from property management services:					
Recognised over time	6,506	7,300	8,023	2,482	1,479
Revenue from other sources					
Property lease income	66,729	73,675	85,044	27,228	21,869
	688,995	704,646	4,569,636	88,046	877,975
Other income and gains					
Gain on disposal of a subsidiary *(note 33)*	–	–	1,037	–	22,471
Gain on disposal of an associate	–	–	–	–	4,634
Gain on disposal of items of property, plant and equipment	895	9	1	–	–
Foreign exchange differences, net	–	–	–	–	3,529
Government grants	–	–	267	267	78
Deposit forfeiture	386	1,352	996	288	19
Others	365	742	657	64	129
	1,646	2,103	2,958	619	30,860

7. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging:

	Notes	Year ended 31 December			Four months ended 30 April	
		2015	2016	2017	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of properties sold	*22*	561,222	564,871	3,889,585	52,704	608,625
Cost of rental service		17,532	18,036	20,080	8,202	4,322
Cost of property management services		2,533	2,582	2,690	840	525
Depreciation of items of property, plant and equipment	*14*	10,077	10,775	12,292	3,117	5,092
Amortisation of intangible assets	*16*	406	470	427	126	144
Minimum lease payments under operating leases		2,107	1,908	3,126	644	1,493
Losses on disposal of items of property, plant and equipment		37	2	10	–	–
Auditor's remuneration		416	496	1,091	137	1,121
Employee benefit expense (including directors' and chief executives' remuneration *(note 9)*):						
Wages and salaries		39,733	44,900	51,351	11,999	22,837
Pension scheme contributions and social welfare		8,325	9,313	10,891	2,432	4,711
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties *(Note)*		6,307	4,830	4,758	718	1,011

Note: Direct operating expenses are included in cost of rental service.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank and other borrowings	358,545	366,635	475,526	83,847	198,131
Interest from significant financing component of contract liabilities	76,163	141,821	155,245	79,239	89,022
Less: Interest capitalised	(332,853)	(393,894)	(497,121)	(112,435)	(228,313)
	101,855	114,562	133,650	50,651	58,840

9. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company did not have any chief executive, executive directors, non-executive directors and independent non-executive directors before 18 December 2017, date of incorporation of the Company.

Mr. Ge Yiyang, Mr. Liao Lujiang, Mr. Chi Jingyong and Mr. Yang Yongwu were appointed as executive directors of the Company on 19 December 2017, 23 March 2018, 23 March 2018 and 23 March 2018, respectively. Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas were appointed as independent non-executive directors of the Company on 10 September 2018, and Mr. Liao Lujiang was appointed as the chief executive of the Company on 4 April 2018.

Certain directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	978	996	996	332	388
Performance-related bonuses*	1,386	1,763	1,591	530	817
Pension scheme contributions and social welfare	179	171	215	71	105
	2,543	2,930	2,802	933	1,310

* Certain executive directors of the Company are entitled to bonus payments which are determined as a percentage of the profit after tax of the Group.

(a) Independent non-executive directors

Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas were appointed as independent non-executive directors of the Company on 10 September 2018. There was no emolument payable to the independent non-executive directors during the Relevant Periods and the four months ended 30 April 2017.

(b) Executive directors and non-executive directors

Year ended 31 December 2015

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
– Mr. Ge Yiyang	–	642	756	49	1,447
– Mr. Liao Lujiang	–	–	–	–	–
– Mr. Chi Jingyong	–	168	360	81	609
– Mr. Yang Yongwu	–	168	270	49	487
	–	978	1,386	179	2,543

Year ended 31 December 2016

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
– Mr. Ge Yiyang	–	660	914	51	1,625
– Mr. Liao Lujiang	–	–	–	–	–
– Mr. Chi Jingyong	–	168	437	83	688
– Mr. Yang Yongwu	–	168	412	37	617
	–	996	1,763	171	2,930

Year ended 31 December 2017

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
– Mr. Ge Yiyang	–	660	895	90	1,645
– Mr. Liao Lujiang	–	–	–	–	–
– Mr. Chi Jingyong	–	168	348	90	606
– Mr. Yang Yongwu	–	168	348	35	551
	–	996	1,591	215	2,802

Four months ended 30 April 2017 (unaudited)

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
– Mr. Ge Yiyang	–	220	298	30	548
– Mr. Liao Lujiang	–	–	–	–	–
– Mr. Chi Jingyong	–	56	116	30	202
– Mr. Yang Yongwu	–	56	116	11	183
	–	332	530	71	933

Four months ended 30 April 2018

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
– Mr. Ge Yiyang	–	220	305	31	556
– Mr. Liao Lujiang	–	56	230	31	317
– Mr. Chi Jingyong	–	56	146	31	233
– Mr. Yang Yongwu	–	56	136	12	204
	–	388	817	105	1,310

Mr. Liao Lujiang is the chief executive officer and an executive director of the Company. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and the four months ended 30 April 2017.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018 included two directors, three directors, three directors, three directors and three directors respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2017 and 2018 of the remaining three, two, two, two and two highest paid employees who are neither a director nor chief executive of the Company, respectively, are as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	801	644	670	223	226
Performance-related bonuses	861	804	1,068	356	268
Pension scheme contributions and social welfare	184	109	132	44	46
	1,846	1,557	1,870	623	540

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
				(unaudited)	
Nil to HK$1,000,000	3	2	–	2	2
HK$1,000,001 to HK$1,500,000	–	–	2	–	–
	3	2	2	2	2

11. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and British Virgin Islands, the Company and the Group's subsidiaries incorporated in the Cayman Islands and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong is not liable for income tax as it did not have any assessable profits currently arising in Hong Kong during the Relevant Periods and the four months ended 30 April 2017.

Subsidiaries of the Group operating in Mainland China are subject to the PRC corporate income tax rate of 25% for the Relevant Periods and the four months ended 30 April 2017.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated, made and included in taxation a provision for LAT according to the requirements set forth in the relevant Mainland China tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax:					
Corporate income tax	12,492	52,203	132,398	13,372	67,722
LAT	12,604	11,844	81,355	1,180	26,953
Deferred tax *(note 18)*	70,042	(802)	(22,389)	(18,218)	(20,261)
Total tax charge/(credit) for the year/period	95,138	63,245	191,364	(3,666)	74,414

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the four months ended 30 April 2017 is as follows:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Profit/(loss) before tax	148,556	85,100	335,528	(68,421)	151,968
At the statutory income tax rate	37,139	21,275	83,882	(17,105)	37,992
Loss attributable to an associate	–	396	652	225	211
Income not subject to tax	–	–	–	–	(747)
Expenses not deductible for tax	13,303	14,560	13,193	4,960	3,708
Tax losses utilised from previous years	–	–	(789)	–	–
Deductible temporary differences utilised from previous years	(88)	(1,099)	(1,366)	–	–
Tax losses not recognised	35,331	19,230	34,776	7,369	13,035
Provision for LAT	12,604	11,844	81,355	1,180	26,953
Tax effect on LAT	(3,151)	(2,961)	(20,339)	(295)	(6,738)
Tax charge/(credit) at the Group's effective rate	95,138	63,245	191,364	(3,666)	74,414

The share of tax credit attributable to an associate amounting to RMB528,000, RMB869,000, RMB300,000 and RMB281,000 is included in "share of loss of an associate" in the consolidated statements of profit or loss for the years ended 31 December 2016 and 2017 and the four months ended 30 April 2017 and 2018, respectively.

Tax payable in the consolidated statements of financial position represents:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Tax payable				
Corporate income tax	66,919	55,931	129,089	137,947
LAT	217,775	208,796	180,603	196,518
	284,694	264,727	309,692	334,465

12. DIVIDENDS

No dividends have been paid or declared by the Company since its date of incorporation.

13. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful due to the Reorganisation and the presentation of the results of the Group for the Relevant Periods and the four months ended 30 April 2017 as disclosed in note 2.1 to the Historical Financial Information.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Office equipment and electronic devices	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015					
At 1 January 2015:					
Cost	66,277	24,996	5,119	48,215	144,607
Accumulated depreciation	(9,684)	(15,419)	(3,463)	(7,316)	(35,882)
Net carrying amount	56,593	9,577	1,656	40,899	108,725
At 1 January 2015, net of accumulated depreciation	56,593	9,577	1,656	40,899	108,725
Additions	6,019	1,879	1,193	5,193	14,284
Disposals	–	(414)	(1)	–	(415)
Depreciation provided during the year	(2,179)	(2,987)	(626)	(4,285)	(10,077)
At 31 December 2015, net of accumulated depreciation	60,433	8,055	2,222	41,807	112,517
At 31 December 2015:					
Cost	72,296	25,355	6,237	53,131	157,019
Accumulated depreciation	(11,863)	(17,300)	(4,015)	(11,324)	(44,502)
Net carrying amount	60,433	8,055	2,222	41,807	112,517
31 December 2016					
At 1 January 2016:					
Cost	72,296	25,355	6,237	53,131	157,019
Accumulated depreciation	(11,863)	(17,300)	(4,015)	(11,324)	(44,502)
Net carrying amount	60,433	8,055	2,222	41,807	112,517
At 1 January 2016, net of accumulated depreciation	60,433	8,055	2,222	41,807	112,517
Additions	–	–	251	7,121	7,372
Disposals	–	(2)	(9)	–	(11)
Depreciation provided during the year	(2,289)	(1,579)	(619)	(6,288)	(10,775)
At 31 December 2016, net of accumulated depreciation	58,144	6,474	1,845	42,640	109,103
At 31 December 2016:					
Cost	72,296	25,313	6,326	60,252	164,187
Accumulated depreciation	(14,152)	(18,839)	(4,481)	(17,612)	(55,084)
Net carrying amount	58,144	6,474	1,845	42,640	109,103
31 December 2017					
At 1 January 2017:					
Cost	72,296	25,313	6,326	60,252	164,187
Accumulated depreciation	(14,152)	(18,839)	(4,481)	(17,612)	(55,084)
Net carrying amount	58,144	6,474	1,845	42,640	109,103
At 1 January 2017, net of accumulated depreciation	58,144	6,474	1,845	42,640	109,103
Additions	92,422	649	2,312	19,783	115,166
Disposals	–	(40)	(1)	–	(41)
Transfer to investment properties *(note 15)*	(43,822)	–	–	–	(43,822)
Depreciation provided during the year	(2,865)	(1,356)	(717)	(7,354)	(12,292)
At 31 December 2017, net of accumulated depreciation	103,879	5,727	3,439	55,069	168,114
At 31 December 2017:					
Cost	108,174	25,164	8,525	80,035	221,898
Accumulated depreciation	(4,295)	(19,437)	(5,086)	(24,966)	(53,784)
Net carrying amount	103,879	5,727	3,439	55,069	168,114

	Buildings	Motor vehicles	Office equipment and electronic devices	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
30 April 2018					
At 1 January 2018:					
Cost	108,174	25,164	8,525	80,035	221,898
Accumulated depreciation	(4,295)	(19,437)	(5,086)	(24,966)	(53,784)
Net carrying amount	103,879	5,727	3,439	55,069	168,114
At 1 January 2018, net of accumulated depreciation	103,879	5,727	3,439	55,069	168,114
Additions	–	3,976	2,522	5,939	12,437
Disposal of a subsidiary *(note 33)*	–	(633)	(281)	(38,182)	(39,096)
Depreciation provided during the period	(923)	(493)	(447)	(3,229)	(5,092)
At 30 April 2018, net of accumulated depreciation	102,956	8,577	5,233	19,597	136,363
At 30 April 2018:					
Cost	108,174	26,976	9,108	23,023	167,281
Accumulated depreciation	(5,218)	(18,399)	(3,875)	(3,426)	(30,918)
Net carrying amount	102,956	8,577	5,233	19,597	136,363

Certain of the Group's property, plant and equipment with aggregate carrying amounts of approximately RMB91,846,000 and RMB90,840,000 as at 31 December 2017 and 30 April 2018, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29). There were no property, plant and equipment being pledged as at 31 December 2015 and 2016.

15. INVESTMENT PROPERTIES

	Completed	Under construction	Total
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January 2015	1,850,000	–	1,850,000
Net gain from a fair value adjustment	271,000	–	271,000
Carrying amount at 31 December 2015 and 1 January 2016	2,121,000	–	2,121,000
Net gain from a fair value adjustment	254,000	–	254,000
Carrying amount at 31 December 2016 and 1 January 2017	2,375,000	–	2,375,000
Transferred from property, plant and equipment *(note 14)*	43,822	–	43,822
Fair value transferred from property, plant and equipment	20,178	–	20,178
Net gain from a fair value adjustment	58,000	–	58,000
Carrying amount at 31 December 2017 and 1 January 2018	2,497,000	–	2,497,000
Transferred from properties under development *(note 21)*	–	19,636	19,636
Addition	–	1,717	1,717
Net gain from a fair value adjustment	13,000	5,847	18,847
Carrying amount at 30 April 2018	2,510,000	27,200	2,537,200

The Group's investment properties are situated in Mainland China. The Group's investment properties were revalued on 31 December 2015, 2016 and 2017 and 30 April 2018 based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("JLL"), an independent professionally qualified valuer, at RMB2,121,000,000, RMB2,375,000,000, RMB2,497,000,000 and RMB2,537,200,000, respectively. The Group's senior finance manager and the chief financial officer decide, after approval from the board of directors of the Company, to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's senior finance manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results when the valuation is performed for financial reporting.

The investment properties are leased to third parties and a related company, 上海企界實業發展有限公司 (Shanghai Qijie Industry Co., Ltd.), which was disposed on 28 March 2018, under operating leases, further summary details of which are included in note 35 to the Historical Financial Information.

Certain of the Group's investment properties with aggregate carrying amounts of approximately RMB1,577,989,000, RMB1,762,487,000, RMB1,910,712,000 and RMB1,927,521,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Completed	–	–	2,121,000	2,121,000

	Fair value measurement as at 31 December 2016 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Completed	–	–	2,375,000	2,375,000

	Fair value measurement as at 31 December 2017 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Completed	–	–	2,497,000	2,497,000

	Fair value measurement as at 30 April 2018 using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement for				
Commercial properties				
Completed	–	–	2,510,000	2,510,000
Under construction	–	–	27,200	27,200
	–	–	2,537,200	2,537,200

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfer into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

			Range			
			31 December			30 April
	Valuation techniques	Significant unobservable inputs	2015	2016	2017	2018
Completed commercial properties	Income approach	Estimated rental value (per square meter and per month)	RMB58-582	RMB59-594	RMB60-603	RMB60-603
		Capitalisation rate	5.75%-6.5%	5.5%-6.25%	4%-6.25%	4%-6.25%
		Long term vacancy rate	5%-12%	5%-8%	2%-5%	2%-5%
Commercial properties under construction	Comparison method	Expected profit margin	–	–	–	10%

The fair value of completed commercial properties is determined by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference to the comparable sales transactions as available in the relevant market has also been considered.

A significant increase (decrease) in the estimated rental value would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the capitalisation rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties.

The fair value of commercial properties under construction is determined by using comparison method, with reference to comparable sales evidence as available in the relevant market to derive the fair value of the property assuming it was completed and, where appropriate, after deducting the following items:

- Estimated construction cost and professional fees to be expensed to complete the properties that would be incurred by a market participant; and
- Estimated profit margin that a market participant would require to hold and develop the property to completion.

The higher estimated construction cost would result in the lower fair value of the investment properties under construction.

The higher expected profit margin would result in the lower fair value of the investment properties under construction.

16. INTANGIBLE ASSETS

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Software				
At the beginning of the year/period:				
Cost	2,356	2,636	3,472	4,394
Accumulated amortisation	(1,517)	(1,923)	(2,393)	(2,818)
Net carrying amount	839	713	1,079	1,576
Carrying amount at the beginning of the year/period	839	713	1,079	1,576
Additions	280	836	924	502
Disposal of a subsidiary *(note 33)*	–	–	–	(203)
Amortisation provided during the year/period	(406)	(470)	(427)	(144)
Carrying amount at the end of the year/period	713	1,079	1,576	1,731
At the end of the year/period:				
Cost	2,636	3,472	4,394	4,182
Accumulated amortisation	(1,923)	(2,393)	(2,818)	(2,451)
Net carrying amount	713	1,079	1,576	1,731

17. INVESTMENT IN AN ASSOCIATE

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Share of net assets	–	2,417	1,810	–

The Group's trade receivable and payable balances with an associate are disclosed in note 37 to the Historical Financial Information.

(a) Particulars of the Group's associate

Name of company	Place and year of registration	Paid-in capital	Percentage of ownership interest attributable to the Group	Principal activities
		RMB'000		
上海企界實業發展有限公司 ("Shanghai Qijie Industry Co., Ltd.") *(Note)*	Shanghai, PRC 2016	46,565	16.65%	Enterprise management

Note: The Group has disposed Shanghai Qijie Industry Co., Ltd. to a third company as at 28 March 2018. Before the disposal date, Shanghai Qijie Industry Co., Ltd. ("Shanghai Qijie") had five directors, one of which was appointed by the Group. Pursuant to the articles of association of Shanghai Qijie, the Group has significant influence over Shanghai Qijie. In light of this requirement, Shanghai Qijie is accounted for as an associate of the Group as at 31 December 2016 and 2017.

(b) The following table illustrates the aggregate financial information of the Group's associate that is not individually material:

	31 December		30 April
	2016	2017	2018
	RMB'000	RMB'000	RMB'000
Share of the associate's loss for the year/period	(1,583)	(2,607)	(844)
Share of the associate's total comprehensive income	(1,583)	(2,607)	(844)
Aggregate carrying amount of the Group's investment in the associate	2,417	1,810	–

The associate has been accounted for using the equity method in these financial information.

The directors of the Company are of the opinion that no provision for impairment is necessary as at 31 December 2016 and 2017.

18. DEFERRED TAX ASSETS AND LIABILITIES

The movements in deferred tax assets and liabilities during each of the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits	Advertising fee for offsetting against future taxable profits	Accrued construction cost	Unrealised revenue in contract liabilities	Accrued LAT	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	6,254	–	13,651	22,065	66,290	108,260
Deferred tax credited/(charged) to profit or loss during the year	9,767	91	(4,875)	9,081	(16,356)	(2,292)
At 31 December 2015 and 1 January 2016	16,021	91	8,776	31,146	49,934	105,968
Deferred tax credited/(charged) to profit or loss during the year	(12,104)	591	15,400	58,204	2,211	64,302
At 31 December 2016 and 1 January 2017	3,917	682	24,176	89,350	52,145	170,270
Deferred tax credited/(charged) to profit or loss during the year	5,752	2,132	16,723	19,330	(7,048)	36,889
At 31 December 2017 and 1 January 2018	9,669	2,814	40,899	108,680	45,097	207,159
Deferred tax credited/(charged) to profit or loss during the period	(1,983)	(1,909)	(9,738)	34,624	3,979	24,973
At 30 April 2018	7,686	905	31,161	143,304	49,076	232,132

Deferred tax liabilities

	Fair value adjustment arising from investment properties	Fair value adjustments arising from equity instruments at FVOCI	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2015	280,788	–	280,788
Deferred tax charged to profit or loss during the year	67,750	–	67,750
At 31 December 2015 and 1 January 2016	348,538	–	348,538
Deferred tax charged to profit or loss during the year	63,500	–	63,500
At 31 December 2016 and 1 January 2017	412,038	–	412,038
Deferred tax charged to profit or loss during the year	14,500	–	14,500
Deferred tax charged to other comprehensive income during the year	5,044	–	5,044
At 31 December 2017	431,582	–	431,582
Deferred tax in relation to fair value adjustment due to reclassification of available-for-sale investments to equity instruments at FVOCI	–	1,900	1,900
Restated balance at 1 January 2018	431,582	1,900	433,482
Deferred tax charged to profit or loss during the period	4,712	–	4,712
Deferred tax charged to other comprehensive income during the period	–	475	475
At 30 April 2018	436,294	2,375	438,669

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statements of financial position. The following is an analysis of the deferred tax balances for financial reporting purposes:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	55,990	118,115	162,062	187,035
Net deferred tax liabilities recognised in the consolidated statements of financial position	(298,560)	(359,883)	(386,485)	(393,572)
	(242,570)	(241,768)	(224,423)	(206,537)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015, 2016 and 2017 and 30 April 2018, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Company and the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,375,558,000, RMB1,400,281,000, RMB1,395,816,000 and RMB1,474,471,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

Deferred tax assets have not been recognised in respect of the following items:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	38,819	58,049	91,665	102,496
Deductible temporary differences	2,465	1,366	–	–
	41,284	59,415	91,665	102,496

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realization of the related tax benefits through future taxable profits is probable. As at 31 December 2015, 2016 and 2017 and 30 April 2018, the Group did not recognise deferred income tax assets of approximately RMB38,819,000, RMB58,049,000, RMB91,665,000 and RMB102,496,000, in respect of losses amounting to approximately RMB155,276,000, RMB232,196,000, RMB366,660,000 and RMB409,984,000 respectively, that can be carried forward to offset against future taxable income. These tax losses will expire up to and including years 2019, 2020, 2021 and 2022, respectively.

19. AVAILABLE-FOR-SALE INVESTMENTS

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investment, at cost	112,000	112,000	112,000	–
Unlisted fund investments, at fair value	270,000	300,000	240,000	–
	382,000	412,000	352,000	–
Less: Current portion	270,000	300,000	240,000	–
Non-current portion	112,000	112,000	112,000	–

The unlisted equity investment at cost as at 31 December 2015, 2016 and 2017 represents an equity investment in 蘭州銀行股份有限公司 (an unlisted company with a registered capital of RMB5,126,127,451), which was designated as an available-for-sale financial asset. The investment was stated at cost less impairment because the investment did not have a quoted market price in an active market. The Group does not intend to dispose it in the near future. As at 30 April 2018, the Group classified it as equity instruments measured at FVOCI.

The unlisted fund investments were wealth management products. The unlisted fund investments as at 31 December 2015, 2016 and 2017 were designated as available-for-sale investments and measured at fair value.

20. EQUITY INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instruments at fair value through other comprehensive income	–	–	–	121,500

The Group has elected the option to irrevocably designate some of its previous available-for-sale investments as equity instruments at FVOCI as at 1 January 2018 on the basis that they are not held for trading.

The movements of equity instruments at FVOCI are as follows:

	30 April
	2018
	RMB'000
At 31 December 2017	–
Reclassified from available-for-sale investments under IAS 39	112,000
Fair value adjustment	7,600
Restated balance at 1 January 2018	119,600
Net change in fair value of equity instruments at FVOCI	1,900
At 30 April 2018	121,500

21. PROPERTIES UNDER DEVELOPMENT

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
At the beginning of the year/period	2,936,671	4,971,204	7,143,006	7,916,216
Additions	2,360,505	2,763,111	5,720,001	1,381,339
Transferred to investment properties *(note 15)*	–	–	–	(19,636)
Transferred to completed properties held for sale *(note 22)*	(325,972)	(591,309)	(4,946,791)	–
At the end of the year/period	4,971,204	7,143,006	7,916,216	9,277,919

The Group's properties under development are situated on leasehold lands in Mainland China.

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB3,312,990,000, RMB3,724,033,000, RMB4,808,181,000 and RMB5,057,284,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

22. COMPLETED PROPERTIES HELD FOR SALE

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	540,279	305,029	331,467	1,388,673
Transferred from properties under development *(note 21)*	325,972	591,309	4,946,791	–
Transferred to cost of sales *(note 7)*	(561,222)	(564,871)	(3,889,585)	(608,625)
Carrying amount at the end of the year/period	305,029	331,467	1,388,673	780,048

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB16,334,000 and RMB16,334,000 as at 31 December 2017 and 30 April 2018, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29). There were no completed properties held for sale being pledged as at 31 December 2015 and 2016.

23. TRADE RECEIVABLES

Trade receivables mainly represent receivable from sales of properties and rentals receivable from tenants. The credit term of trade receivables is generally from one to six months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. In view of the aforementioned, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

Trade receivables are unsecured and non-interest-bearing.

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	11,047	7,161	38,924	31,592
Impairment	–	–	–	–
	11,047	7,161	38,924	31,592

The carrying amounts of trade receivables in the consolidated statements of financial position approximate to their fair values.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	11,047	7,161	38,924	31,592
Over 1 year	–	–	–	–
	11,047	7,161	38,924	31,592

The ageing analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Not past due	11,047	7,161	38,924	31,592

Trade receivables which were not past due relate to a large number of diversified customers for whom there was no recent history of default. The directors of the Company are of the opinion that the balances are considered fully recoverable.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. Expected loss rate of trade receivables is assessed to be 0.1%. Based on evaluation on expected loss rate and gross carrying amount, the directors of the Company are of the opinion that the ECL in respect of these balances is considered immaterial and therefore there has not been a loss allowance provision.

The gross carrying amount of trade receivables was RMB31,592,000 as at 30 April 2018.

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Due from third parties	100,028	65,707	–	528,293
Other tax recoverable	73,411	227,432	368,803	440,802
Prepayments for acquisition of land use rights	–	–	693,204	245,000
Land auction and other deposits	183,965	578,549	78,083	180,059
Due from non-controlling shareholders of the subsidiaries	274	2,977	22,560	19,874
Prepayments for construction cost	1,696	9,563	6,747	13,832
Prepayment for acquisition of buildings	44,389	88,729	–	–
Other receivables	19,585	29,200	29,030	32,224
	423,348	1,002,157	1,198,427	1,460,084
Less: Portion classified as current assets	378,959	913,428	1,198,427	1,460,084
Non-current portion	44,389	88,729	–	–

Other receivables are unsecured, non-interest-bearing and repayable on demand. There was no provision made for impairment of other receivables during the Relevant Periods.

As at 30 April 2018, the internal credit rating of other receivables from third parties, non-controlling shareholders of the subsidiaries and others were performing. The Group has assessed that the credit risk of these receivables has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss, and has assessed that the expected credit losses are immaterial.

25. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND PLEDGED DEPOSITS

Group

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	239,140	295,864	603,233	1,263,574
Less: Restricted cash	87,946	123,826	211,110	582,957
Pledged deposits	106,524	15,237	14,933	9,483
Cash and cash equivalents	44,670	156,801	377,190	671,134
Denominated in RMB	44,670	156,801	377,190	227,324
Denominated in US$	–	–	–	443,810
	44,670	156,801	377,190	671,134

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of cash in designated bank accounts for specified use. As at 31 December 2015, 2016 and 2017 and 30 April 2018, such restricted cash amounted to RMB87,946,000, RMB123,826,000, RMB211,110,000 and RMB582,957,000 respectively.

Bank deposits of RMB95,345,000 were pledged as security for bank and other borrowings as at 31 December 2015. Bank deposits of RMB11,179,000, RMB15,237,000, RMB14,933,000 and RMB9,483,000 were pledged as security for purchasers' mortgage loans, construction of projects as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

Company

	31 December 2017	30 April 2018
	RMB'000	RMB'000
Cash and bank balances	–	3,171
Less: Restricted cash	–	–
Pledged deposits	–	–
Cash and cash equivalents	–	3,171
Denominated in RMB	–	–
Denominated in US$	–	3,171
	–	3,171

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

As at 30 April 2018, the internal credit rating of restricted cash, pledged deposits and cash and cash equivalents were performing. The Group has assessed that the credit risk of the restricted cash, pledged deposits and cash and cash equivalents has not increased significantly since initial recognition and measured the impairment based on 12-month expected credit loss, and has assessed that the expected credit losses are immaterial.

26. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Less than 1 year	310,420	772,627	1,131,835	983,148
Over 1 year	7,122	5,304	26,853	7,091
	317,542	777,931	1,158,688	990,239

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

The fair values of trade payables as at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Retention deposits related to construction	55,693	75,246	102,369	88,768
Advances from non-controlling shareholders of subsidiaries	16,337	34,643	79,630	76,910
Interest payable	8,258	8,032	9,832	23,537
Deposits related to sales of properties	2,621	5,428	35,324	16,449
Payroll and welfare payable	20,272	21,776	17,689	9,781
Business tax and surcharges	5,142	4,133	13,541	9,132
Others	22,515	25,098	30,946	34,774
	130,838	**174,356**	**289,331**	**259,351**

Other payables and advances from non-controlling shareholders of subsidiaries are unsecured, non-interest-bearing and repayable on demand. The fair values of other payables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts.

28. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	2,335,742	5,779,392	5,014,139	6,781,782

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are mainly from property development and sales.

The following table shows the revenue recognised during the Track Record Period and the four months ended 30 April 2017 related to carried-forward contract liabilities.

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue recognised that was included in the contract liability balance at the beginning of the year/period					
Sale of properties	549,125	561,822	4,418,213	57,542	853,117

The following table includes the transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) related to sales of properties as at the end of each of the Relevant Periods.

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Expected to be satisfied within one year	578,953	4,038,414	3,549,556	4,873,378
Expected to be satisfied more than one year	2,324,924	2,055,555	909,469	2,803,848
	2,903,877	6,093,969	4,459,025	7,677,226

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

	31 December 2015			31 December 2016			31 December 2017			30 April 2018		
	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000	Effective interest rate	Maturity	RMB'000
	(%)			(%)			(%)			(%)		
Current												
Bank loans – secured	6.63-7.14	2016	12,500			–	6.50	2018	5,000			–
Bank loans – unsecured	7.20-16.00	2016	25,000	6.80-16.00	2017	25,500	16.00	2018	20,000	16.00	2018	20,000
Current portion of long term bank loans – secured	6.18-10.00	2016	834,700	5.70-8.00	2017	1,034,743	5.46-6.50	2018	210,203	5.46-7.6	2019	733,452
Current portion of long term bank loans – unsecured	16.00	2016	15,000			–			–			–
Current portion of long term other loans – secured	6.00-12.00	2016	368,192	6.00-10.00	2017	432,657	8.50-9.40	2018	355,024	8.50-9.00	2019	961,148
Current portion of long term other loans – unsecured			–			–			–	12.85	2019	98,833
			1,255,392			1,492,900			590,227			1,813,433
Non-current												
Bank loans – secured	4.90-8.60	2017-25	2,419,810	4.90-7.80	2018-25	1,765,673	5.46-7.60	2019-33	3,739,728	5.46-6.50	2020-33	3,233,963
Other loans – secured	6.00-10.00	2017	416,328			–	8.34-9.40	2019	1,557,693	8.50-9.40	2019	655,700
Other loans – unsecured			–			–	12.85	2019	99,622			–
			2,836,138			1,765,673			5,397,043			3,889,663
			4,091,530			3,258,573			5,987,270			5,703,096

Bank and other borrowings

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Analysed into:				
Bank loans repayable:				
Within one year or on demand	887,200	1,060,243	235,203	753,452
In the second year	934,810	441,673	727,128	625,313
In the third to fifth years, inclusive	555,000	614,000	1,357,800	1,003,430
Beyond five years	930,000	710,000	1,654,800	1,605,220
	3,307,010	2,825,916	3,974,931	3,987,415
Other borrowings repayable:				
Within one year or on demand	368,192	432,657	355,024	1,059,981
In the second year	416,328	–	1,657,315	655,700
	784,520	432,657	2,012,339	1,715,681
	4,091,530	3,258,573	5,987,270	5,703,096

The Group's borrowings are all denominated in RMB.

The Group's borrowings up to RMB2,312,111,000, RMB1,965,882,000, RMB1,635,464,000 and RMB1,548,003,000, as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively, were borrowings with floating interest rate.

Certain of the Group's bank and other borrowings are secured by the pledges of the following assets with carrying values at the end of each of the Relevant Periods as follows:

		31 December			30 April
	Notes	2015	2016	2017	2018
		RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	*14*	–	–	91,846	90,840
Investment properties	*15*	1,577,989	1,762,487	1,910,712	1,927,521
Properties under development	*21*	3,312,990	3,724,033	4,808,181	5,057,284
Completed properties held for sale	*22*	–	–	16,334	16,334
Pledged deposits	*25*	95,345	–	–	–

The Controlling Shareholders have guaranteed certain of the bank and other borrowings up to RMB2,768,426,000, RMB2,300,688,000, RMB3,972,717,000 and RMB3,669,408,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

The Group has pledged future proceeds in respect of properties sold and properties leasing as collateral to secure bank and other borrowings amounting to RMB1,000,000,000, RMB980,000,000, RMB2,250,000,000 and RMB2,232,560,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

30. SHARE CAPITAL

Group/Company

Share

	31 December			30 April
	2015	**2016**	**2017**	**2018**
	HK$	**HK$**	**HK$**	**HK$**
Authorised:				
380,000,000 ordinary shares of HK$0.001 each	–	–	380,000	380,000

A summary of movements in the Company's share capital is as follows:

	Number of share in issue	**Share capital**
		RMB'000
At 18 December 2017 (date of incorporation)	–	–
Issuance of new shares	100	–
At 31 December 2017 and 1 January 2018	100	–
Issuance of new shares	100	–
At 30 April 2018	200	–

The Company was incorporated in the Cayman Islands on 18 December 2017 with an authorised share capital of HK$380,000 divided in 380,000,000 shares of HK$0.001 at par value each. On its date of incorporation, 1 ordinary share of HK$0.001 was allotted by the Company to a subscriber, and was transferred to Splendid Sun Limited, a company controlled by Mr. Ge Hekai, on 19 December 2017.

On 19 December 2017, 59, 20 and 20 ordinary shares of HK$0.001 were allotted by the Company for cash to Splendid Sun Limited, Glorious Villa Limited and He Hong Limited, respectively.

On 20 April 2018, 60, 20 and 20 ordinary shares of HK$0.001, which were all fully paid up at an aggregate consideration of US$70,000,000, were allotted by the Company for cash to Splendid Sun Limited, Glorious Villa Limited and He Hong Limited, respectively, and the issued share capital of the Company was then HK$0.2.

31. RESERVES

Group

The amounts of the Group's reserves and the movements therein for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018 are presented in the consolidated statements of changes in equity.

(a) Share premium

The share premium represents the difference between the par value of the shares issued and the consideration received.

(b) Capital reserve

The capital reserve represents any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid for acquisition of non-controlling interest in subsidiaries. Details of the movements in capital reserve are set out in the consolidated statements of changes in equity.

(c) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the PRC GAAP, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the Group, the statutory surplus reserve may be used either to offset losses, or to be converted to increase share capital provided that the balance after such conversion is not less than 25% of the registered capital of the Group. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(d) Merger reserve

The merger reserve of the Group represents the issued capital of the then holding company of the companies now comprising the Group and the capital contributions from the equity holders of certain subsidiaries now comprising the Group before the completion of the Corporate Restructuring and the Reorganisation.

(e) Asset revaluation reserve

The asset revaluation reserve arises from change in use from an owner-occupied property to an investment property.

(f) Equity instruments revaluation reserve

The asset revaluation reserve represents unrealised fair value gains or losses for equity instruments at FVOCI.

Company

	Share premium	Retained profits	Total equity
	RMB'000	RMB'000	RMB'000
At 18 December 2017 (date of incorporation)	–	–	–
Profit for the year	–	–	–
As at 31 December 2017 and 1 January 2018	–	–	–
Issuance of new shares	440,279	–	440,279
Profit for the period	–	2,334	2,334
As at 30 April 2018	440,279	2,334	442,613

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings	Interest payable	Due to related companies	Total liabilities from financing activities
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2015	3,242,516	5,236	–	3,247,752
Cash flows from financing activities	905,741	–	–	905,741
Finance costs on interest-bearing bank and other borrowings	73,733	28,122	–	101,855
Interest capitalised arising from interest-bearing bank and other borrowings	219,499	37,191	–	256,690
Interest paid classified as operating cash flows	(349,959)	(62,291)	–	(412,250)
At 31 December 2015	4,091,530	8,258	–	4,099,788
Cash flows from financing activities	(847,589)	–	150	(847,439)
Finance costs on interest-bearing bank and other borrowings	1,005	113,557	–	114,562
Interest capitalised arising from interest-bearing bank and other borrowings	246,863	5,210	–	252,073
Interest paid classified as operating cash flows	(233,236)	(118,993)	–	(352,229)
Cash flows from non-financing activities	–	–	35	35
At 31 December 2016	3,258,573	8,032	185	3,266,790
Cash flows from financing activities	2,729,400	–	(150)	2,729,250
Finance costs on interest-bearing bank and other borrowings	6,316	117,480	–	123,796
Interest capitalised arising from interest-bearing bank and other borrowings	86,205	265,525	–	351,730
Interest paid classified as operating cash flows	(93,224)	(381,205)	–	(474,429)
Cash flows from non-financing activities	–	–	1,795	1,795
Dividend declared to the then equity holder of the subsidiaries	–	–	141,960	141,960
At 31 December 2017	5,987,270	9,832	143,790	6,140,892
Cash flows from financing activities	(296,492)	–	(141,960)	(438,452)
Finance costs on interest-bearing bank and other borrowings	3,629	54,120	–	57,749
Interest capitalised arising from interest-bearing bank and other borrowings	42,796	97,586	–	140,382
Interest paid classified as operating cash flows	(34,107)	(138,001)	–	(172,108)
Cash flows from non-financing activities	–	–	474	474
At 30 April 2018	5,703,096	23,537	2,304	5,728,937

33. DISPOSAL OF SUBSIDIARIES

南京創尚勢商貿有限公司 ("Nanjing Chuangshangshi Trading Co., Ltd.")

Pursuant to the share transfer agreement dated 30 June 2017, the Group disposed of its 51% equity interest in Nanjing Chuangshangshi Trading Co., Ltd. to 上海凱濰迪森投資發展有限公司 ("Shanghai Kaiwei Disen Investment Development Co., Ltd.") for a cash consideration of RMB1,020,000. The consideration was determined by reference to the corresponding value of the equity interest of Nanjing Chuangshangshi Trading Co., Ltd. disposed of as at 30 June 2017.

The carrying values of the assets and liabilities of Nanjing Chuangshangshi Trading Co., Ltd. on the date of disposal were as follows:

	2017
	RMB'000
Net liabilities disposed of:	
Cash and cash equivalents	1
Prepayments, deposits and other receivables	3,434
Other payables, deposits received and accruals	(3,469)
Non-controlling interests	17
	(17)
Gain on disposal of a subsidiary	1,037
Cash consideration	1,020

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	RMB'000
Cash consideration	1,020
Cash and cash equivalents disposed of	(1)
Net inflow of cash and cash equivalents in respect of the disposal of Nanjing Chuangshangshi Trading Co., Ltd.	1,019

南京緯思武德投資實業有限公司 ("Nanjing Wisdom Warden Investment Co., Ltd.")

Pursuant to the share transfer agreement dated 19 March 2018, the Group disposed of its 70% equity interest in Nanjing Wisdom Warden Investment Co., Ltd. to a third party named 上海琦淮實業發展有限公司 ("Shanghai Qihuai Industrial Development Co., Ltd.") for a cash consideration of RMB10,000,000. The consideration was determined by reference to the fair value of the equity interest of Nanjing Wisdom Warden Investment Co., Ltd. disposed of as at 28 February 2018.

The carrying values of the assets and liabilities of Nanjing Wisdom Warden Investment Co., Ltd. on the date of disposal were as follows:

	Four months ended 30 April 2018
	RMB'000
Net liabilities disposed of:	
Property, plant and equipment *(Note 14)*	39,096
Intangible assets *(Note 16)*	203
Trade receivables	329
Prepayments, deposits and other receivables	8,059
Cash and cash equivalents	1,419
Trade payables	(40)
Other payables, deposits received and accruals	(45,728)
Contract liabilities	(16,154)
Interest-bearing bank and other borrowings	(5,000)
Non-controlling interests	5,345
	(12,471)
Gain on disposal of a subsidiary	22,471
Cash consideration	10,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of the subsidiary is as follows:

	RMB'000
Cash consideration	10,000
Cash and cash equivalents disposed of	(1,419)
Net inflow of cash and cash equivalents in respect of the disposal of Nanjing Wisdom Warden Investment Co., Ltd.	8,581

34. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the consolidated financial statements were as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Guarantees given to banks in connection with facilities granted to purchasers of the Group's properties	772,177	1,901,066	2,552,329	2,371,043

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. Upon default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within half a year to two years after the purchasers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

35. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases out its investment properties (note 15) under operating lease arrangements with leases negotiated from terms ranging from 1 to 7 years. The terms of leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	76,806	91,099	74,805	48,321
In the second to fifth years, inclusive	254,765	230,862	305,764	115,911
After five years	136,170	114,442	231,734	78,702
	467,741	436,403	612,303	242,934

As lessee

The Group leases certain of its office properties under operating lease arrangements, negotiated for terms of 1 to 3 years with an option for renewal after the end of lease terms, at which time all terms will be renegotiated.

At the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	1,937	1,987	1,462	3,924
In the second to fifth years, inclusive	1,987	–	825	4,281
	3,924	1,987	2,287	8,205

36. COMMITMENTS

In addition to the operating lease commitments detailed in note 35 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:				
Property development activities	1,676,454	590,621	922,070	1,054,826
Acquisition of land use rights	–	–	550,796	245,000
Capital contributions payable to an associate	–	2,000	–	–
	1,676,454	592,621	1,472,866	1,299,826

37. RELATED PARTY TRANSACTIONS

(1) Name and relationship

Name of related party	Relationship with the Group
上海垠壹投資發展有限公司 ("Shanghai Win Investment and Development Co., Ltd.")	Company controlled by the Controlling Shareholders
大發集團有限公司 ("Dafa Group Co., Ltd.")	Company controlled by the Controlling Shareholders
南京凱泫潤建材有限公司 ("Nanjing Kaixuanrun Construction Materials Co., Ltd.")	Company controlled by the Controlling Shareholders
安慶市思嘉貿易有限公司 ("Anqing Sijia Trading Co., Ltd.")	Company controlled by the Controlling Shareholders
南京凱甌寧貿易有限公司 ("Nanjing Kaiouning Trading Co., Ltd.")	Company controlled by the Controlling Shareholders
凱沅財控投資股份有限公司 ("Kaiyuan Financial Holding Investment Co., Ltd.")	Company controlled by the Controlling Shareholders
溫州市大發貿易有限公司 ("Wenzhou Dafa Trading Co., Ltd.")	Company controlled by the Controlling Shareholders
上海凱泫實業有限公司 ("Shanghai Kaixuan Industrial Co., Ltd.")	Company controlled by the Controlling Shareholders
安慶市盈建建材銷售有限公司 ("Anqing Yingjian Building Material Co., Ltd.")	Company controlled by the Controlling Shareholders
溫州市瑞宏強貿易有限公司 ("Wenzhou Ruihongqiang Trading Co., Ltd.")	Company controlled by a close family member of the Controlling Shareholders
上海企界實業發展有限公司* ("Shanghai Qijie Industry Co., Ltd.")	Associate
Ms. Jin Linyin	Controlling Shareholders

* Shanghai Qijie Industry Co., Ltd. was disposed on 28 March 2018.

(2) Significant related party transactions

The following transactions were carried out with related parties during the Relevant Periods and the four months ended 30 April 2017:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Advance from a related company:					
Shanghai Kaixuan Industrial Co., Ltd.	–	150	–	–	–
Repayment of advance from a related company:					
Shanghai Kaixuan Industrial Co., Ltd.	–	–	150	–	–
Advance to a shareholder:					
Ms. Jin Linyin	–	300	300	300	–
Repayment of advance to a shareholder:					
Ms. Jin Linyin	–	–	–	–	600
Advances to related companies:					
Dafa Group Co., Ltd.	443,777	228,673	899,038	131,050	249,140
Shanghai Kaixuan Industrial Co., Ltd.	10,100	–	198,050	–	200,300
Shanghai Win Investment and Development Co., Ltd.	24,900	–	92,623	–	–
Wenzhou Ruihongqiang Trading Co., Ltd.	–	–	100	–	–
Anqing Yingjian Building Material Co., Ltd.	4,800	–	–	–	–
Nanjing Kaixuanrun Construction Materials Co., Ltd.	56,271	–	–	–	–
Kaiyuan Financial Holding Investment Co., Ltd.	133,250	–	–	–	–
Anqing Sijia Trading Co., Ltd.	29,700	–	–	–	–
Nanjing Kaiouning Trading Co., Ltd.	20,000	–	–	–	–
Wenzhou Dafa Trading Co., Ltd.	5,000	–	–	–	–
Repayments of advances to related companies:					
Dafa Group Co., Ltd.	438,285	232,971	679,865	67,622	592,136
Shanghai Kaixuan Industrial Co., Ltd.	–	–	179,550	–	201,800
Kaiyuan Financial Holding Investment Co., Ltd.	–	66,000	32,000	32,000	35,250
Nanjing Kaiouning Trading Co., Ltd.	–	–	–	–	32,000
Anqing Sijia Trading Co., Ltd.	15,000	4,700	–	–	25,000
Shanghai Win Investment and Development Co., Ltd.	10,000	–	85,100	–	–
Nanjing Kaixuanrun Construction Materials Co., Ltd.	–	14,602	60,600	35,350	–
Wenzhou Ruihongqiang Trading Co., Ltd.	–	–	600	–	–
Wenzhou Dafa Trading Co., Ltd.	–	5,000	–	–	–
Anqing Yingjian Building Material Co., Ltd.	–	4,800	–	–	–
Rental services from a related company *(Note)*:					
Dafa Group Co., Ltd.	2,013	1,867	1,728	576	576
Rental services to a related company *(Note)*:					
Shanghai Qijie Industry Co., Ltd.	–	480	1,085	332	249

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(3) Other transactions with related parties

The Controlling Shareholders have guaranteed certain of the bank and other borrowings up to RMB2,768,426,000, RMB2,300,688,000, RMB3,972,717,000 and RMB3,669,408,000 as at 31 December 2015, 2016 and 2017 and 30 April 2018, respectively.

(4) Outstanding balances with related parties

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Due from a shareholder:				
Non trade-related:				
Ms. Jin Linyin	–	300	600	–
Due from related companies:				
Non trade-related:				
Dafa Group Co., Ltd.	372,735	368,436	587,609	244,613
Shanghai Win Investment and Development Co., Ltd.	85,100	85,100	92,623	92,623
Shanghai Kaixuan Industrial Co., Ltd.	10,100	10,100	28,600	27,100
Kaiyuan Financial Holding Investment Co., Ltd.	133,250	67,250	35,250	–
Nanjing Kaiouning Trading Co., Ltd.	32,000	32,000	32,000	–
Anqing Sijia Trading Co., Ltd.	29,700	25,000	25,000	–
Nanjing Kaixuanrun Construction Materials Co., Ltd.	75,201	60,600	–	–
Wenzhou Ruihongqiang Trading Co., Ltd.	500	500	–	–
Wenzhou Dafa Trading Co., Ltd.	5,000	–	–	–
Anqing Yingjian Building Material Co., Ltd.	4,800	–	–	–
	748,386	648,986	801,082	364,336
Due to related companies:				
Non trade-related:				
Dafa Group Co., Ltd.	–	–	124,953	–
Shanghai Win Investment and Development Co., Ltd.	–	–	17,007	–
Shanghai Kaixuan Industrial Co., Ltd.	–	150	–	–
	–	150	141,960	–
Due to related companies:				
Trade-related:				
Dafa Group Co., Ltd.	–	–	1,728	2,304
Shanghai Qijie Industry Co., Ltd.	–	35	102	–
	–	35	1,830	2,304

Balances with the above related parties were unsecured, non-interest bearing and repayable on demand.

(5) Compensation of key management personnel of the Group:

	Year ended 31 December			Four months ended 30 April	
	2015	2016	2017	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Short-term employee benefits	4,780	5,682	5,595	1,865	2,177
Pension scheme contributions	477	483	565	188	224
Total compensation paid to key management personnel	5,257	6,165	6,160	2,053	2,401

Further details of directors' emoluments are included in note 9 to the Historical Financial Information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

31 December 2015

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 24)*	119,887	–	119,887
Available-for-sale investments	–	382,000	382,000
Trade receivables	11,047	–	11,047
Due from related companies	748,386	–	748,386
Restricted cash	87,946	–	87,946
Pledged deposits	106,524	–	106,524
Cash and cash equivalents	44,670	–	44,670
	1,118,460	382,000	1,500,460

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	317,542
Financial liabilities included in other payables, deposits received and accruals *(note 27)*	80,288
Interest-bearing bank and other borrowings *(note 29)*	4,091,530
	4,489,360

31 December 2016

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 24)*	97,884	–	97,884
Available-for-sale investments	–	412,000	412,000
Trade receivables	7,161	–	7,161
Due from related companies	648,986	–	648,986
Due from a shareholder	300	–	300
Restricted cash	123,826	–	123,826
Pledged deposits	15,237	–	15,237
Cash and cash equivalents	156,801	–	156,801
	1,050,195	412,000	1,462,195

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	777,931
Financial liabilities included in other payables, deposits received and accruals *(note 27)*	117,921
Due to related companies	185
Interest-bearing bank and other borrowings *(note 29)*	3,258,573
	4,154,610

31 December 2017

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 24)*	51,590	–	51,590
Available-for-sale investments	–	352,000	352,000
Trade receivables	38,924	–	38,924
Due from related companies	801,082	–	801,082
Due from a shareholder	600	–	600
Restricted cash	211,110	–	211,110
Pledged deposits	14,933	–	14,933
Cash and cash equivalents	377,190	–	377,190
	1,495,429	352,000	1,847,429

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	1,158,688
Financial liabilities included in other payables, deposits received and accruals *(note 27)*	191,831
Due to related companies	143,790
Interest-bearing bank and other borrowings *(note 29)*	5,987,270
	7,481,579

30 April 2018

Financial assets

	Financial assets at amortised cost	Financial assets at FVOCI	Total
	RMB'000	RMB'000	RMB'000
Financial assets included in prepayments, deposits and other receivables *(note 24)*	580,391	–	580,391
Equity instruments at FVOCI	–	121,500	121,500
Trade receivables	31,592	–	31,592
Due from related companies	364,336	–	364,336
Restricted cash	582,957	–	582,957
Pledged deposits	9,483	–	9,483
Cash and cash equivalents	671,134	–	671,134
	2,239,893	121,500	2,361,393

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	990,239
Financial liabilities included in other payables, deposits received and accruals *(note 27)*	189,215
Due to related companies	2,304
Interest-bearing bank and other borrowings *(note 29)*	5,703,096
	6,884,854

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments as at the end of each of the Relevant Periods, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts				Fair values			
	31 December 2015	31 December 2016	31 December 2017	30 April 2018	31 December 2015	31 December 2016	31 December 2017	30 April 2018
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities								
Interest-bearing bank and other borrowings *(note 29)*.	4,091,530	3,258,573	5,987,270	5,703,096	4,158,113	3,278,070	5,979,458	5,739,615

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted cash, amounts due from related companies, amount due from a shareholder, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables, deposits received and accruals and amounts due to related companies approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the fair values of the unlisted fund investments classified as available-for-sale investments under IAS 39 during the year ended 31 December 2015, 2016 and 2017, management has estimated the fair value by the expected future cash flows. The fair value measurement of the available-for-sale investments is categorised within Level 2 of the fair value hierarchy.

The management has applied the comparable companies' market value approach in determining fair value of unlisted equity investments, which is classified as equity instruments at FVOCI under IFRS 9, using price to earnings ratio ("P/E") and price to book ratio ("P/B") multiples, which are calculated by using comparable companies' financial statements, to determine the fair value of the unlisted equity investments and taking into account of marketability discount as the appropriate adjustment. Comparable companies are based on similarity of business nature and profitability. The fair value measurement of the equity instruments at FVOCI is categorised within Level 3 of the fair value hierarchy.

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2015, 2016 and 2017 and 30 April 2018 was assessed to be insignificant.

The Group's corporate finance team headed by the chief finance officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer and the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for annual financial reporting.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and liabilities.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 April 2018:

	Valuation technique	Significant unobservable inputs	Range/ Weighted average	Sensitivity of fair value to the input
Unlisted equity investments classified as equity equity instruments at FVOCI	Market multiples	Discount for lack of marketability	14.9%	5% increase (decrease) in marketability result in (decrease) increase in fair value by RMB1,064,000
		P/E	6.4 – 9.2	5% increase (decrease) in P/E result in increase (decrease) in fair value by RMB3,016,000
		P/B	0.9 – 1.2	5% increase (decrease) in P/B result in increase (decrease) in fair value by RMB3,060,000

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Unlisted fund investments	–	270,000	–	270,000

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Unlisted fund investments	–	300,000	–	300,000

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Available-for-sale investments:				
Unlisted fund investments	–	240,000	–	240,000

As at 30 April 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Equity instruments at FVOCI:				
Unlisted equity investment	–	–	121,500	121,500

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	4,158,113	–	4,158,113

As at 31 December 2016

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	3,278,070	–	3,278,070

As at 31 December 2017

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	5,979,458	–	5,979,458

As at 30 April 2018

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant Unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Interest-bearing bank and other borrowings	–	5,739,615	–	5,739,615

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and cash equivalents, restricted cash, pledged deposits, trade and other receivables, trade payables and other payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank and other borrowings, amounts due to related companies and amounts due from related companies. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk, foreign currency risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below:

(a) Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB6,605,000, RMB6,170,000, RMB3,762,000 and RMB4,514,000 for the years ended 31 December 2015, 2016 and 2017 and the four months ended 30 April 2018, respectively.

(b) Credit risk

Under IAS 39

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations from 1 January 2015 to 31 December 2017.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses as at 31 December 2015, 2016 and 2017.

The credit risk of the Group's other financial assets, which mainly comprise restricted cash and pledged deposits, cash and cash equivalents, financial assets included in prepayments, deposits and other receivables, and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments as at 31 December 2015, 2016 and 2017.

Under IFRS 9

The carrying amounts of restricted cash, pledged deposits, cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, and due from related companies included in the statements of financial position represent the Group's maximum exposure to credit risk in relation to its financial assets as at 30 April 2018.

As at 30 April 2018, all restricted cash, pledged deposits and cash and cash equivalents were deposited in high-credit-quality financial institutions without significant credit risk.

The Group groups financial instruments on basis of shared credit risk characteristics, such as instrument type and credit risk ratings for the purpose of determining significant increases in credit risk and calculation of impairment. To manage risk arising from trade receivables, the Group has policies in place to ensure that credit terms are made only to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the Group's counterparties. The credit period granted to the customers is generally from one to six months and the credit quality of these customers is assessed, taking into account their financial position, past experience and other factors. The Group also has other monitoring procedures to ensure that follow-up action is taken to recover overdue receivables. In addition, the Group reviews regularly the recoverable amount of trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit losses also incorporated forward looking information based on key economic variables such as the per capita disposable income of urban residents and central bank base rate.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation;

The Group has established a policy to perform an assessment for the period beginning on or after 1 January 2018, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument. The Group groups its other receivables and amounts due from related companies into Stage 1, Stage 2 and Stage 3, as described below:

Stage 1 When other receivables and amounts due from related companies are first recognised, the Group recognises an allowance based on 12 months' ECLs.

Stage 2 When other receivables and amounts due from related companies has shown a significant increase in credit risk since origination, the Group records an allowance for the lifetime ECLs.

Stage 3 Other receivables and amounts due from related companies considered credit-impaired. The Group records an allowance for the lifetime ECLs.

Management makes periodic collective assessments for financial assets included in prepayments, deposits and other receivables and amounts due from related companies as well as individual assessment on the recoverability of other receivables and due from related companies based on historical settlement records and past experience. The Group classified financial assets included in prepayments, deposits and other receivables and amounts due from related companies in stage 1 and continuously monitored their credit risk. The directors of the Company believe that there is no material credit risk inherent in the Group's outstanding balance of financial assets included in prepayments, deposits and other receivables and due from related companies.

(c) Foreign currency risk

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in US$, with all other variables held constant, of the Group's profit before tax due to differences arising on settlement or translation of monetary assets and liabilities and the Group's equity excluding the impact of retained profits due to the changes of exchange fluctuation reserve of certain subsidiaries of which the functional currencies are currencies other than RMB.

	Increase/(decrease) in foreign currency rate	**Increase/(decrease) in profit before tax**
		RMB'000
2015		
If RMB weakens against US$	5%	–
If RMB strengthens against US$	(5%)	–
2016		
If RMB weakens against US$	5%	–
If RMB strengthens against US$	(5%)	–
2017		
If RMB weakens against US$	5%	–
If RMB strengthens against US$	(5%)	–
Four months ended 30 April 2018		
If RMB weakens against US$	5%	22,295
If RMB strengthens against US$	(5%)	(22,295)

(d) Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

	On demand	Less than 3 months	3 to 12 months	Over 1 year	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2015					
Trade payables	317,542	–	–	–	317,542
Other payables	80,288	–	–	–	80,288
Interest-bearing bank and other borrowings	–	502,910	898,635	3,517,855	4,919,400
	397,830	502,910	898,635	3,517,855	5,371,230
31 December 2016					
Trade payables	777,931	–	–	–	777,931
Other payables	117,921	–	–	–	117,921
Due to related companies	185	–	–	–	185
Interest-bearing bank and other borrowings	–	109,128	1,584,439	2,181,838	3,875,405
	896,037	109,128	1,584,439	2,181,838	4,771,442
31 December 2017					
Trade payables	1,158,688	–	–	–	1,158,688
Other payables	191,831	–	–	–	191,831
Due to related companies	143,790	–	–	–	143,790
Interest-bearing bank and other borrowings	–	118,739	905,813	6,588,384	7,612,936
	1,494,309	118,739	905,813	6,588,384	9,107,245
30 April 2018					
Trade payables	990,239	–	–	–	990,239
Other payables	189,215	–	–	–	189,215
Due to related companies	2,304	–	–	–	2,304
Interest-bearing bank and other borrowings	–	107,322	2,004,339	5,061,373	7,173,034
	1,181,758	107,322	2,004,339	5,061,373	8,354,792

(e) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholder's value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes, within net debt, trade payables, other payables, deposits received and accruals, amounts due to related companies and interest-bearing bank and other borrowings, less cash and cash equivalents. Capital represents equity attributable to owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	31 December			30 April
	2015	2016	2017	2018
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	317,542	777,931	1,158,688	990,239
Other payables, deposits received and accruals	130,838	174,356	289,331	259,351
Due to related companies	–	185	143,790	2,304
Interest-bearing bank and other borrowings	4,091,530	3,258,573	5,987,270	5,703,096
Less: Cash and cash equivalents	(44,670)	(156,801)	(377,190)	(671,134)
Net debt	4,495,240	4,054,244	7,201,889	6,283,856
Equity attributable to owners of the parent	1,960,458	1,978,560	1,989,229	1,886,475
Capital and net debt	6,455,698	6,032,804	9,191,118	8,170,331
Gearing ratio	70%	67%	78%	77%

41. INVESTMENT IN A SUBSIDIARY

Company

	31 December	30 April
	2017	2018
	RMB'000	RMB'000
At the beginning of the year/period	–	–
Additions during the year/period	–	439,442
Unlisted shares, at cost	–	439,442

Particulars of the subsidiary are disclosed in note 1 to the Historical Financial Information.

42. EVENTS AFTER THE REPORTING PERIOD

On 10 September 2018, the authorized share capital of the Company was increased to HK$10,000,000 by the creation of further 9,620,000,000 shares pursuant to a resolution passed by the Company's shareholders.

43. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries in respect of any period subsequent to 30 April 2018.

The following information does not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this prospectus, and is included herein for information purposes only. The unaudited pro forma financial information should be read in conjunction with "Financial Information" and the Accountants' Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for inclusion in Investment Circulars* issued by the HKICPA for illustration purposes only, and is set out here to illustrate the effect of the Global Offering on our consolidated net tangible assets attributable to the owners of the Company as of 30 April 2018 as if it had taken place on 30 April 2018.

The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the financial position of the Group had the Global Offering been completed as of 30 April 2018 or any future date. It is prepared based on our consolidated net tangible assets attributable to the owners of the Company as of 30 April 2018 as set out in the Accountants' Report as set out in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company does not form part of the Accountants' Report as set out in Appendix I to this prospectus.

	Audited consolidated net tangible assets attributable to owners of the Company as of 30 April 2018	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Adjusted consolidated net tangible assets attributable to owners of the Company per Share**	
	RMB'000	**RMB'000**	**RMB'000**	**RMB**	**HK$**
	(Note 1)	*(Note 2)*		*(Note 3)*	*(Note 4)*
Based on an Offer Price of HK$3.28 per Share	1,884,744	512,795	2,397,539	3.00	3.43
Based on an Offer Price of HK$4.98 per Share	1,884,744	798,046	2,682,790	3.35	3.83

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of 30 April 2018 is extracted from the Accountants' Report, which is based on the audited consolidated equity attributable to owners of the Company as of 30 April 2018 of approximately RMB1,886.5 million after deducting intangible assets of RMB1.7 million.

(2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK$3.28 per Share or HK$4.98 per Share, after deduction of the underwriting fees and other related expenses payable by the Group and do not take into account of any Shares which may be issued upon the exercise of the Over-allotment Option. The estimated net proceeds from the Global Offering are converted from Hong Kong dollars into Renminbi at an exchange rate of HK$1.0 to RMB0.8740.

(3) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is calculated based on 800,000,000 Shares in issue immediately following the Capitalisation Issue and the Global Offering but does not take account of any Shares which may be issued upon the exercise of the Over-allotment Option.

(4) The unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK$1.0 to RMB0.8740.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

22/F, CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

To the Directors of DaFa Properties Group Limited

We have completed our assurance engagement to report on the compilation of pro forma financial information of DaFa Properties Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted consolidated net tangible assets as at 30 April 2018, and related notes as set out on page II-1 of the prospectus dated 28 September 2018 issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described on page II-1 to the prospectus.

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 30 April 2018 as if the transaction had taken place at 30 April 2018. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the period ended 30 April 2018, on which an accountants' report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline ("AG") 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our firm applies Hong Kong Standard on Quality Control 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting accountants' responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus* issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Pro Forma Financial Information.

The purpose of the Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the transaction would have been as presented.

A reasonable assurance engagement to report on whether the Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the transaction in respect of which the Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,

Ernst & Young
Certified Public Accountants
Hong Kong
28 September 2018

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 June 2018 of the selected property interests held by the Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
6/F Three Pacific Place 1 Queen's Road East Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

28 September 2018

The Board of Directors
DaFa Properties Group Limited
No. 2, Lane 1188
Shenhong Road
Minhang District
Shanghai
the PRC

Dear Sirs,

In accordance with your instructions to value the selected property interests held by DaFa Properties Group Limited (the "**Company**") and its subsidiaries (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 June 2018 (the "**valuation date**").

The selected property interests form part of property activities that each property has a carrying amount of 1% or more of the Group's total assets and therefore the valuation report of these property interests are required to be included in this prospectus.

For the purpose of this report, we classified these properties as the property interests relating to "property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments.

Furthermore, we have adopted the below guidance on what constitutes a property interest:–

(a) one or more units in the same building or complex;

(b) one or more properties located at the same address or lot number;

(c) one or more properties comprising an integrated facility;

(d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

(e) one or more properties held for investment within one complex;

(f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or

(g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."

We have valued the property interests in Group I which are held for sale by the Group and the property interests in Group IV which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables/Reports or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract have been signed, but the State-owned Land Use Rights Certificates have not been issued.

We have valued the property interests in Group II (except Property No. 5) which are held for investment by the Group by the income approach by taking into account the rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalized to determine the market value at an appropriate capitalization rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In valuing portions of the property interests of Property No. 5 in Group II which are construction in progress and held for investment by the Group and the property interests in Group III which are currently under development by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the income approach for Property No.5 in Group II and the comparison approach for properties in Group III by making reference to comparable rental / sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group V which are contracted to be acquired by the Group, the Group has entered into agreements with the relevant government authorities. Since the Group has not yet obtained the State-owned Land Use Rights Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

The respective valuation approach adopted for each group of the property interests is summarized as below (for details please refer to Page III-2):

Group	Valuation Approach
Group I – Properties held for sale by the Group in the PRC	Comparison method
Group II – Properties held for investment by the Group in the PRC	Income approach
Group III – Properties held under development by the Group in the PRC	Comparison method
Group IV – Properties held for future development by the Group in the PRC	Comparison method

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation – Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal adviser – Jingtian & Gongcheng, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between December 2017 and February 2018 by about 7 technical staff including Mr. Arnold Gao, Ms. Joan Zhu, Mr. Kevin Liu, Ms. Evelyn Xu, Ms. Alice Liu, Ms. Maggie Ding and Ms. Diana Yang. They are Chartered Surveyors/China Qualified Land Valuer or have more than 1 to 3 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 24 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Group in the PRC

Group II: Properties held for investment by the Group in the PRC

Group III: Properties held under development by the Group in the PRC

Group IV: Properties held for future development by the Group in the PRC

Group V: Properties contracted to be acquired by the Group in the PRC

–: Not Available or Not Applicable

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB
1.	Dafa Bliss Four Seasons located at the junction of Huijin Road and Xiuze Road Qingpu District Shanghai The PRC (上海•大發融悦四季)	–	–	1,905,300,000	–	–	**1,905,300,000**
2.	Portions of Dafa Bliss Huating located at the junction of Dianshanhu Avenue and Huangnilou Road Qingpu District Shanghai The PRC (上海•大發融悦華庭)	457,200,000	–	–	–	–	**457,200,000**
3.	Portions of Kaixin Jinyuan A located at Parcel D-10a the junction of the Ouhai Avenue and Bantang Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•凱欣錦園A)	171,100,000	–	–	–	–	**171,100,000**
4.	Portions of Kaixin Jinyuan B located at Parcel D-10b the junction of Chenmuqiao Street and Shanghui Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•凱欣錦園B)	2,361,400,000	–	–	–	–	**2,361,400,000**
5.	Dafa Bliss Oriental located at the junction of Chenmuqiao Street and Gu'an Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•大發融悦東方)	–	28,400,000	1,280,900,000	–	–	**1,309,300,000**

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB
6.	Kaize Jinyuan located at the junction of Wenzhou Avenue and Fudong Road Wenzhou City Zhejiang Province The PRC (溫州•凱澤錦園)	–	–	1,350,200,000	–	–	**1,350,200,000**
7.	Hai Jun Fu located at at the western side of Miaohong Road and the northern side of Xujiacao Road Haishu District Ningbo City Zhejiang Province The PRC (寧波•海雋府)	–	–	1,626,900,000	–	–	**1,626,900,000**
8.	Bliss Xinjie Residence located at the eastern side of Benjin Road and the southern side of Xinqiao Road Dinghai District Zhoushan City Zhejiang Province The PRC (舟山•融悦新界公館)	–	–	1,019,400,000	–	–	**1,019,400,000**
9.	Anqing Dafa Bliss located at the northern side of Yingbin Avenue and the eastern side of Wenyuan Road Anqing City Anhui Province The PRC (安慶•安慶大發融悦)	–	–	694,000,000	–	–	**694,000,000**
10.	DaFa Yi Jing Cheng located at the eastern side of Qianjiang Road and the northern side of Huazhong Road Yingjiang District Anqing City Anhui Province The PRC (安慶•大發宜景城)	85,500,000	–	1,127,800,000	67,400,000	–	**1,280,700,000**
11.	Dafa Bliss Oriental (Wuhu) located at the eastern side of Jiujiang North Road and the northern side of Yongjin Road Jiujiang District Wuhu City Anhui Province The PRC (蕪湖•大發融悦東方)	–	–	969,500,000	–	–	**969,500,000**

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	Market value in existing state as at the valuation date RMB Group V:	The total market value in existing state as at the valuation date RMB
12.	Portions of Dafa Bliss Garden located at the junction of Shuangbaigang Road and Nanjing Xiaolingwei Junior Middle School Xuanwu District Nanjing City Jiangsu Province The PRC (南京•大發融悦花園)	78,900,000	–	–	–	–	**78,900,000**
13.	Portions of Dafa Yan Lan Wan located at the junction of Heyan Road and Yanlan Street Qixia District Nanjing City Jiangsu Province The PRC (南京•大發燕瀾灣)	19,900,000	–	–	–	–	**19,900,000**
14.	Portions of Nanjing Kai Run Jin Cheng located at the junction of Zhongshan Road and Changjiang Road Xuanwu District Nanjing City Jiangsu Province The PRC (南京•凱潤金城)	122,100,000	–	–	–	–	**122,100,000**
15.	Portions of Shanghai Kai Run Jin Cheng located at the junction of Sichuan North Road and Dongbaoxing Road Hongkou District Shanghai The PRC (上海•凱潤金城)	32,100,000	–	–	–	–	**32,100,000**
16.	Nanjing IST Mall located at Nos. 100 and 132 Zhongshan Road Xuanwu District Nanjing City Jiangsu Province The PRC (南京•艾尚天地)	–	1,336,100,000	–	–	–	**1,336,100,000**
17.	Affiliated Commercial Property of Nanjing Kaihong Junfu located at Nos. 90 and 94 Jiangjiayuan Road Gulou District Nanjing City Jiangsu Province The PRC (南京•凱鴻雋府配套商業)	–	80,700,000	–	–	–	**80,700,000**

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	Market value in existing state as at the valuation date RMB Group V:	The total market value in existing state as at the valuation date RMB
18.	Basement Level 1 and Levels 1 to 4 of 2 buildings known as Kaihong Plaza located at Nos. 1611 and 1661 Sichuan North Road and Nos. 1-3, Lane 258, Dongbaoxing Road Hongkou District Shanghai The PRC (上海•凱鴻廣場)	–	1,038,900,000	–	–	–	**1,038,900,000**
19.	7 office units (Nos. 1901 to 1907) on Level 17 of Harbour Ring Plaza located at No. 18 Xizang Middle Road Huangpu District Shanghai City The PRC (上海•港陸廣場)	–	64,200,000	–	–	–	**64,200,000**
20.	A parcel of land located at the southern side of Wuzhou International Plaza Sheyang County Yancheng City Jiangsu Province The PRC (鹽城•五洲國際廣場南側地塊)	–	–	–	295,200,000	–	**295,200,000**
21.	Xuzhou Dafa Bliss Oriental located at the southern side of Liaohe Road and the eastern side of Jushan Road Pizhou City Xuzhou City Jiangsu Province The PRC (徐州•大發融悅東方)	–	–	–	257,800,000	–	**257,800,000**
22.	Fanchang Dafa Bliss located at the southern side of Fanyang Avenue and the eastern side of Fuxi Road Fanchang County Wuhu City Anhui Province The PRC (繁昌•大發融悅)	–	–	–	116,800,000	–	**116,800,000**

No.	Property	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	Market value in existing state as at the valuation date	The total market value in existing state as at the valuation date
		RMB Group I:	RMB Group II:	RMB Group III:	RMB Group IV:	RMB Group V:	RMB
23.	Bliss Jinyuan located at the southern side of Xinhu Road and the western side of Xifengba Road Changxing County Huzhou City Zhejiang Province The PRC (湖州•融悦錦園)	–	–	–	402,200,000	–	**402,200,000**
	Total:						**16,989,900,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
1.	Dafa Bliss Four Seasons located at the junction of Huijin Road and Xiuze Road Qingpu District Shanghai The PRC (上海•大發融悦四季)	Dafa Bliss Four Seasons is located at the junction of Huijin Road and Xiuze Road. It is well-served with public transportation. The locality is a mature residential and commercial area. Dafa Bliss Four Seasons occupies a parcel of land with a site area of approximately 27,508.30 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 85,137.49 sq.m. As at the valuation date, the property comprised the whole project of Dafa Bliss Four Seasons. The classification, usage and gross floor area details of the property were set out in note 8. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,548,200,000, of which approximately RMB1,485,100,000 had been incurred up to the valuation date. The land use rights of the property have been granted with no defined expiry date for residential and commercial uses.	As at the valuation date, the property was under construction.	1,905,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Hu Qing Gui Tu (2015) No. 36 dated 2 December 2015 and a Supplementary Contract dated 5 January 2016, the land use rights of a parcel of land with a site area of approximately 27,508.30 sq.m. were contracted to be granted to Shanghai Kaiyang Real Estate, Ltd. (上海凱暘置業有限公司, "Shanghai Kaiyang Real Estate," an indirect wholly-owned subsidiary of the Company), with no defined expiry date for residential and commercial uses. The land premium was RMB860,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di Hu Qing Di (2016) EA31011820164296, permission towards the planning of the aforesaid land parcel with a site area of approximately 30,876 sq.m. has been granted to Shanghai Kaiyang Real Estate.

3. Pursuant to a Real Estate Title Certificate – Hu Fang Di Qing Zi (2016) Di No. 007960, the land use rights of the aforesaid land parcel with a site area of approximately 27,508.30 sq.m. have been granted to Shanghai Kaiyang Real Estate with no defined expiry date for residential and commercial uses.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di Hu Qing Jian (2016) No. FA31011820165093 in favour of Shanghai Kaiyang Real Estate, Dafa Bliss Four Seasons with a total gross floor area of approximately 85,534.11 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 1602QP0267D01 in favour of Shanghai Kaiyang Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Bliss Four Seasons with a gross floor area of approximately 85,534.11 sq.m.

6. Pursuant to a Real Estate Surveying Report – No. 201719436977-3 dated 19 April 2017, Dafa Bliss Four Seasons have a total gross floor area of approximately 85,137.49 sq.m.

7. Pursuant to a Pre-sale Permit – Qingpu Fang Guan (2017) Yu Zi No. 0000185, in favour of Shanghai Kaiyang Real Estate, the Group is entitled to sell portions of Dafa Bliss Four Seasons (representing a total gross floor area of approximately 32,298.71 sq.m.) to purchasers.

8. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group III – held under development by the Group	Residential	42,915.56	–
	Retail	9,234.03	–
	Basement (inclusive of car parking spaces)	29,038.71	471
	Affordable Housing	2,349.18	–
	Ancillary	1,600.01	–
	Total:	**85,137.49**	**471**

9. As advised by the Group, various residential units with a total gross floor area of approximately 30,304.28 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,183,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,952,000,000.

11. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB40,000 to RMB43,000 per sq.m. for residential units, RMB38,000 to RMB42,000 per sq.m. for retail units and RMB120,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. Pursuant to 2 Mortgage Contracts, the land use rights and the buildings under construction of Dafa Bliss Four Seasons are subject to a mortgage in favour of a third party.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

a. Shanghai Kaiyang Real Estate is legally and validly in possession of the land use rights of the property. Shanghai Kaiyang Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

b. Shanghai Kaiyang Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

c. Shanghai Kaiyang Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

14. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. Real Estate Title Certificate . . . . Yes
c. Construction Land Planning Permit . . . . Yes
d. Construction Work Planning Permit . . . . Yes
e. Construction Work Commencement Permit . . . . Yes
f. Pre-sale Permit . . . . Portion
g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

15. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
2.	Portions of Dafa Bliss Huating located at the junction of Dianshanhu Avenue and Huangnilou Road Qingpu District Shanghai The PRC (上海•大發融悦華庭)	Dafa Bliss Huating is located at the southern side of Dianshanhu Avenue and the eastern side of Huangnilou Road. It is well-served with public transportation. The locality is a newly developed residential area where public facilities such as municipal facilities and amenities are still under development. Dafa Bliss Huating occupies a parcel of land with a site area of approximately 45,428.20 sq.m., which had been developed into a residential and commercial development. The project was completed in 2017, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of DaFa Bliss Huating with a total gross floor area of approximately 24,721.69 sq.m. The classification, usage and gross floor area details of the property were set out in note 8. The land use rights of the property have been granted for a term expiring on 24 November 2084 for residential use.	As at the valuation date, the property was vacant.	457,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Hu Qing Gui Tu (2014) No. 43 dated 19 September 2014 and a supplementary contract dated 17 October 2014, the land use rights of a parcel of land with a site area of approximately 45,428.20 sq.m. (including the land use rights of the property) were contracted to be granted to Shanghai Yinyi Real Estate Co., Ltd. (上海垠壹置業有限公司, "Shanghai Yinyi Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,058,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di Hu Qing Di (2014) EA31011820145215, permission towards the planning of the aforesaid land parcel with a site area of approximately 45,783.00 sq.m. (including the property) has been granted to Shanghai Yinyi Real Estate.

3. Pursuant to a Real Estate Title Certificate – Hu Fang Di Qing Zi (2014) Di No. 015542, the land use rights of a parcel of land with a site area of approximately 45,428.20 sq.m. (including the land use rights of the property) have been granted to Shanghai Yinyi Real Estate for a term expiring on 24 November 2084 for residential use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di Hu Qing Jian (2015) No. FA31011820154464 in favour of Shanghai Yinyi Real Estate, Dafa Bliss Huating with a total gross floor area of approximately 118,212.14 sq.m. (including the property) has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 310118201412090319 in favour of Shanghai Yinyi Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Bliss Huating with a gross floor area of approximately 118,212.14 sq.m. (including the property).

6. Pursuant to 4 Pre-sale Permits – Qingpu Fang Guan (2015) Yu Zi No. 0000589, Qingpu Fang Guan (2016) Yu Zi No. 0000121, Qingpu Fang Guan (2017) Yu Zi No. 0000066 and Qingpu Fang Guan (2018) No. 20180295 in favour of Shanghai Yinyi Real Estate, the Group is entitled to sell portions of Dafa Bliss Huating (representing a total gross floor area of approximately 101,593.32 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Certificate – Hu Qing Jun (2017) JA31011820175150 in favour of Shanghai Yinyi Real Estate, the construction of Dafa Bliss Huating with a gross floor area of approximately 118,695.42 sq.m. (including the property) has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Residential	8,697.70	–
	Retail	2,489.53	–
	Car parking spaces	13,534.46	435
	Total:	**24,721.69**	**435**

9. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017 and 2018. The unit price of these comparable properties ranges from RMB35,000 to RMB43,000 per sq.m. for residential units, RMB45,000 to RMB50,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Shanghai Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Shanghai Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Yinyi Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Shanghai Yinyi Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. Real Estate Title Certificate . . . . Yes
c. Construction Land Planning Permit . . . . Yes
d. Construction Work Planning Permit. . . . . Yes
e. Construction Work Commencement Permit . . . . Yes
f. Pre-sale Permit . . . . Yes
g. Construction Work Completion and Inspection Certificate/Table . . . . Yes

12. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
3.	Portions of Kaixin Jinyuan A located at Parcel D-10a the junction of the Ouhai Avenue and Bantang Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•凱欣錦園A)	Kaixin Jinyuan A is located at the junction of the Ouhai Avenue and Bantang Road. It is well-served with public transportation. The locality is a residential area with several mega residential developments with street front retails, schools and parks. Kaixin Jinyuan A occupies a parcel of land with a site area of approximately 40,504.00 sq.m., which had been developed into a residential development. The project was completed in 2017, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Kaixin Jinyuan A with a total gross floor area of approximately 37,210.16 sq.m. The classification, usage and gross floor area details of the property were set out in note 8. The land use rights of the property have been granted for a term expiring on 21 January 2084 for residential use.	As at the valuation date, the property was vacant.	171,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 330304 (2014) A2003 dated 22 January 2014, the land use rights of a parcel of land with a site area of approximately 40,504.00 sq.m. (including the land use rights of the property) were contracted to be granted to Wenzhou Kairun Real Estate Co., Ltd. (溫州市凱潤置業有限公司, "Wenzhou Kairun Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB725,840,000.

2. Pursuant to a Construction Land Planning Permit – Zhe Gui Zheng No. 2014030400014, permission towards the planning of the aforesaid land parcel with a total site area of approximately 40,504.00 sq.m. (including the property) has been granted to Wenzhou Kairun Real Estate.

3. Pursuant to a State-owned Land Use Rights Certificate – Wen Guo Yong (2014) Di No. 3351360, the land use right of the aforesaid land parcel with a total site area of approximately 40,504.00 sq.m. (including the land use rights of the property) have been granted to Wenzhou Kairun Real Estate for a term of 70 years expiring on 21 January 2084 for residential use.

4. Pursuant to a Construction Work Planning Permit – Zhe Gui Zheng No. 2014030400011 in favour of Wenzhou Kairun Real Estate, Kaixin Jinyuan A with a total gross floor area of approximately 130,623.30 sq.m. (including the property) has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – No. 330321201402280101 and No. 330304201509290301 in favour of Wenzhou Kairun Real Estate, permission by the relevant local authority was given to commence the construction of Kaixin Jinyuan A with a gross floor area of approximately 151,015.60 sq.m. (including the property)

6. Pursuant to 3 Pre-sale Permits – Ou Fang Shou Xu Zi (2014) No. 007, Ou Fang Shou Xu Zi (2015) Nos. 006 and 008 in favour of Wenzhou Kairun Real Estate, the Group is entitled to sell portions of Kaixin Jinyuan A (representing a total gross floor area of approximately 108,924.00 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Certificate – No. 32500520170124100 in favour of Wenzhou Kairun Real Estate, the construction of Kaixin Jinyuan A with a gross floor area of approximately 149,746.27 sq.m. (including the property) has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Residential	4,154.67	–
	Retail	193.19	–
	Car parking spaces	32,862.30	811
	Total:	**37,210.16**	**811**

9. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB15,000 to RMB17,500 per sq.m. for residential units and RMB25,000 to RMB30,000 per sq.m. for retails and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

a. Wenzhou Kairun Real Estate is legally and validly in possession of the land use rights of the property. Wenzhou Kairun Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Wenzhou Kairun Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Wenzhou Kairun Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. State-owned Land Use Rights Certificate . . . . Yes
c. Building Ownership Certificate . . . . No
d. Construction Land Planning Permit . . . . Yes
e. Construction Work Planning Permit. . . . . Yes
f. Construction Work Commencement Permit . . . . Yes
g. Pre-sale Permit . . . . Yes
h. Construction Work Completion and Inspection Certificate/Table/Report . . . . Yes

12. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
4.	Portions of Kaixin Jinyuan B located at Parcel D-10b the junction of the Chenmuqiao Street and Shanghui Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•凱欣錦園B)	Kaixin Jinyuan B is located at the junction of Chenmuqiao Street and Shanghui Road. It is well-served with public transportation. The locality is a residential area with several mega residential developments with street front shops, schools and parks. Kaixin Jinyuan B occupies a parcel of land with a site area of approximately 45,562.10 sq.m., which had been developed into a residential and commercial development. The project was completed in March 2018, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Kaixin Jinyuan B with a total gross floor area of approximately 162,748.77 sq.m. The classification, usage and gross floor area details of the property were set out in note 8. The land use rights of the property have been granted for the terms expiring on 25 November 2085 for residential use and 25 November 2055 for commercial use.	As at the valuation date, the property was vacant.	2,361,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 330304 (2015) A21016 dated 2 July 2015, the land use rights of a parcel of land with a site area of approximately 45,562.10 sq.m. (including the land use rights of the property) were contracted to be granted to Wenzhou Yinyi Real Estate Co., Ltd. (溫州垠壹置業有限公司, "Wenzhou Yinyi Real Estate," an indirect wholly owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB721,980,000.

2. Pursuant to a Construction Land Planning Permit – Zhe Gui Zheng No. 2015-030400049, permission towards the planning of the aforesaid land parcel with a site area of approximately 45,562.10 sq.m. (including the property) has been granted to Wenzhou Yinyi Real Estate.

3. Pursuant to a State-owned Land Use Rights Certificate – Wen Guo Yong (2015) Di No. 3-06377, the land use rights of the aforesaid land parcel with a site area of approximately 45,562.10 sq.m. (including the land use rights of the property) has been granted to Wenzhou Yinyi Real Estate for the terms expiring on 25 November 2085 for residential use and 25 November 2055 for commercial use.

4. Pursuant to a Construction Work Planning Permit – Zhe Gui Zheng No. 2015-030400083 in favour of Kaixin Jinyuan B with a total gross floor area of approximately 166,788.92 sq.m. (including the property) has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 330304201512310101 in favour of Wenzhou Yinyi Real Estate, permission by the relevant local authority was given to commence the construction of Kaixin Jinyuan B with a gross floor area of approximately 166,788.92 sq.m. (including the property)

6. Pursuant to 3 Pre-sale Permits – Ou Fang Shou Xu Zi (2016) Di Nos. 002, 006 and 019 in favour of Wenzhou Yinyi Real Estate, the Group is entitled to sell portions of Kaixin Jinyuan B (representing a total gross floor area of approximately 126,458.06 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Certificate – No. 32500520180315101 in favour of Wenzhou Yinyi Real Estate, the construction of Kaixin Jinyuan B with a gross floor area of approximately 167,179.82 sq.m. (including the property) has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Residential	122,496.10	–
	Retail	4,418.92	–
	Basement (inclusive of car parking spaces)	35,833.75	884
	Total:	**162,748.77**	**884**

9. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB16,000 to RMB19,000 per sq.m. for residential units, RMB25,000 to RMB35,000 per sq.m. for retail units and RMB100,000 to RMB150,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

a. Wenzhou Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Wenzhou Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Wenzhou Yinyi Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Wenzhou Yinyi Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. State-owned Land Use Rights Certificate . . . . Yes
c. Building Ownership Certificate . . . . No
d. Construction Land Planning Permit . . . . Yes
e. Construction Work Planning Permit. . . . . Yes
f. Construction Work Commencement Permit . . . . Yes
g. Pre-sale Permit . . . . Yes
h. Construction Work Completion and Inspection Certificate/Table/Report . . . . Yes

12. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
5.	Dafa Bliss Oriental located at the junction of Chenmuqiao Street and Gu'an Road Ouhai Center District Wenzhou City Zhejiang Province The PRC (溫州•大發融悦東方)	Dafa Bliss Oriental is located at the junction of Chenmuqiao Street and Gu'an Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are available and will be further improved. Dafa Bliss Oriental occupies a parcel of land with a site area of approximately 28,039.94 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in March 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 120,381.32 sq.m. As at the valuation date, the property comprised the whole project of Dafa Bliss Oriental. The classification, usage and gross floor area details of the property were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,566,300,000, of which approximately RMB1,217,700,000 had been incurred up to the valuation date. The land use rights of the property have been granted for the terms expiring on 28 February 2087 for residential use and 28 February 2057 for commercial use.	As at the valuation date, the property was under construction.	1,309,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 330304 (2017) A21004 dated 1 March 2017, the land use rights of a parcel of land with a site area of approximately 28,039.94 sq.m. were contracted to be granted to Wenzhou Guiyin Real Estate Co., Ltd. (溫州貴垠置業有限公司, "Wenzhou Guiyin Real Estate," an indirect wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB893,880,000. According to the Chapter 3 of State-owned Land Use Rights Grant Contract, portion of a parcel of land with a site area of approximately 4,421.42 sq.m. will be developed into resettlement housing with a gross floor area of approximately 12,380.00 sq.m. and the unit price of the resettlement housing was set as RMB4,300 per sq.m.

2. Pursuant to 2 Construction Land Planning Permits – Di Zi Di Zhe Gui Zheng Nos. 2017030400024 and 2017030400033, permission towards the planning of the aforesaid land parcel with a site area of approximately 28,039.94 sq.m. has been granted to Wenzhou Guiyin Real Estate and the planning permission of the aforesaid land parcel with a site area of approximately 4,421.42 sq.m. was given to Wenzhou Ouhai District People's Government Louqiao Street Office(溫州市甌海區人民政府婁橋街道辦事處).

3. Pursuant to 2 Real Estate Title Certificates – Zhe (2017) Wen Zhou Shi Bu Dong Chan Quan Di Nos. 0035635 and 0072173, the land use rights of the aforesaid land parcel with a site area of approximately 28,039.94 sq.m. have been granted to Wenzhou Guiyin Real Estate for the terms expiring on 28 February 2087 for residential use and 28 February 2057 for commercial use and the land use rights of the aforesaid land parcel with a site area of approximately 4,421.00 sq.m. have been allocated to Wenzhou Ouhai District People's Government Louqiao Street Office (溫州市甌海區人民政府婁橋街道辦事處).

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di Zhe Gui Zheng No. 2017030400087 in favour of Wenzhou Guiyin Real Estate, Dafa Bliss Oriental with a total gross floor area of approximately 120,381.32 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 0304201710110201 in favour of Wenzhou Guiyin Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Bliss Oriental with a gross floor area of approximately 120,381.32 sq.m.

6. Pursuant to 2 Pre-sale Permits – Ou Fang Shou Xu Zi (2017) Di No. 012 and Ou Fang Shou Xu Zi (2018) Di No. 001 in favour of Wenzhou Guiyin Real Estate, the Group is entitled to sell portions of Dafa Bliss Oriental (representing a total gross floor area of approximately 70,793.67 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area (sq.m.)	No. of car parking space
Group II – held for investment by the Group	Retail (wet market)	4,026.20	–
	Sub-total:	**4,026.20**	**–**
Group III – held under development by the Group	Residential	70,793.67	–
	Retail	2,346.71	–
	Basement (inclusive of car parking spaces)	28,176.48	583
	Ancillary	2,658.26	–
	Resettlement housing	12,380.00	–
	Sub-total:	**116,355.12**	**–**
	Total:	**120,381.32**	**583**

8. As advised by the Group, various residential and retail units with a total gross floor area of approximately 71,651.93 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,722,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,845,000,000.

10. Our valuation has been made on the following basis and analysis:

    a. For the portion of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB22,000 to RMB30,000 per sq.m. for residential units, RMB45,000 to RMB50,000 per sq.m. for retail units on the first floor and RMB100,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

    b. For the portion of the property in Group II, we have identified and analyzed various relevant rental evidences in the locality which have similar characteristics as the subject property such as nature, use and accessibility. The unit rent of these comparable retail units range from RMB2 to RMB5 per sq.m. per day; and

    c. Based on our research on market in the surrounding area of the property, for retail (wet market) portion, the stabilized market yield ranged from 5% to 7% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.5% as the capitalization rate in the valuation.

11. Pursuant to a mortgage contract, the land use rights of Dafa Bliss Oriental are subject to a mortgage in favour of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Wenzhou Guiyin Real Estate is legally and validly in possession of the land use rights of the property. Wenzhou Guiyin Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Wenzhou Guiyin Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Wenzhou Guiyin Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit. . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Portion
    g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	Market value in existing state as at the valuation date
	(RMB)
Group II – held for investment by the Group	28,400,000
Group III – held under development by the Group	1,280,900,000
Total:	**1,309,300,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
6.	Kaize Jinyuan located at the junction of Wenzhou Avenue and Fudong Road Wenzhou City Zhejiang Province The PRC (溫州•凱澤錦園)	Kaize Jinyuan is located at the junction of Wenzhou Avenue and Fudong Road. The property is situated at the downtown area of Wenzhou City, which is well-served by public transportation and within 1km from Wenzhou train station. Kaize Jinyuan occupies a parcel of land with a site area of approximately 14,712.73 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 70,910.53 sq.m. The project was under construction as at the valuation date and is scheduled to be completed in February 2020. As at the valuation date, the property comprised the whole project. The classification, usage and gross floor area details of the property were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,516,500,000, of which approximately RMB1,228,000,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 9 April 2087 for residential use.	As at the valuation date, the property was under construction.	1,350,200,000

Notes:

1. Pursuant to a State-owned Construction Land Use Rights Grant Contract – No. 3303022017A21005 dated 10 April 2017, the land use rights of a parcel of land with site area of approximately 14,712.73 sq.m. were contracted to be granted to Wenzhou Kaize Real Estate Co., Ltd. (溫州市凱澤置業有限公司, "Wenzhou Kaize Real Estate," an indirect wholly-owned subsidiary of the Company) for the terms of 70 years for residential use commencing from the land delivery date. The total land premium was RMB1,067,290,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di Zhe Gui Zheng No. 2017030200028, permission towards the planning of the aforesaid land parcel with a site area of approximately 14,712.73 sq.m. has been granted to Wenzhou Kaize Real Estate.

3. Pursuant to a Real Estate Title Certificate – Zhe (2017) Wen Zhou Shi Bu Dong Chan Quan Di No. 0119838, the land use rights of the aforesaid land parcel with a site area of approximately 14,712.73 sq.m. have been granted to Wenzhou Kaize Real Estate for a term expiring on 9 April 2087 for residential use.

4. Pursuant to a Construction Work Planning permit – Jian Zi Di Zhe Gui Zheng No. 2017030200112 in favour of Wenzhou Kaize Real Estate, Kaize Jinyuan with a gross floor area 70,910.53 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement permit – No. 302201712260101 in favour of Wenzhou Kaize Real Estate, permission by the relevant local authority was given to commence the construction of Kaize Jinyuan with a gross floor area of approximately 70,910.53 sq.m.

6. Pursuant to a Pre-sale Permit – Wen Fang Shou Xu Zi (2018) No. 033, in favour of Wenzhou Kaize Real Estate, the Group is entitled to sell portions of Kaize Jinyuan (representing a total gross floor area of approximately 43,131.15 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group III – held under development by the Group	Residential	43,269.63	–
	Retail	4,859.61	–
	Basement (inclusive of car parking spaces)	20,957.44	457
	Ancillary	1,823.85	–
	Total:	**70,910.53**	**457**

8. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,884,800,000.

9. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB25,000 to RMB35,000 per sq.m. for residential units, RMB45,000 to RMB50,000 per sq.m. for retail units and RMB100,000 to RMB180,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. Pursuant to a Mortgage Contract, the land use rights of Kaize Jinyuan are subject to a mortgage in favour of a third parity.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Wenzhou Kaize Real Estate is legally and validly in possession of the land use rights of the property. Wenzhou Kaize Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Wenzhou Kaize Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Wenzhou Kaize Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permit.

12. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit. . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Portion
    g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

13. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
7.	Hai Jun Fu located at at the western side of Miaohong Road and the northern side of Xujiacao Road Haishu District Ningbo City Zhejiang Province The PRC (寧波•海雋府)	Hai Jun Fu is located at the western side of Miaohong Road and the northern side of Xujiacao Road. The locality is a newly developed residential area where public facilities such as municipal facilities and amenities are still under development. Hai Jun Fu occupies a parcel of land with a site area of approximately 61,226.00 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in August 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 172,594.78 sq.m. As at the valuation date, the property comprised the whole project of Hai Jun Fu. The classification, usage and gross floor area details of the property were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB2,079,400,000, of which approximately RMB1,624,200,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 28 February 2087 for residential use.	As at the valuation date, the property was under construction.	1,626,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3302032016A21007 dated 2 November 2016 and a Supplementary Contract dated 27 December 2016, the land use rights of a parcel of land with a site area of approximately 61,226.00 sq.m. were contracted to be granted to Ningbo Kaiyang Real Estate Co., Ltd. (寧波凱暘置業有限公司, "Ningbo Kaiyang Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB1,127,782,920.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 330203201700001, permission towards the planning of the aforesaid land parcel with a site area of approximately 61,226.00 sq.m. has been granted to Ningbo Kaiyang Real Estate.

3. Pursuant to a Real Estate Title Certificate – Zhe (2017) Ningbo City Haishu Bu Dong Chan Quan Di No. 0024649, the land use rights of the aforesaid land parcel with a site area of approximately 61,226.00 sq.m. have been granted to Ningbo Kaiyang Real Estate for a term expiring on 28 February 2087 for residential use.

4. Pursuant to a Construction Work Planning Permit – No. 330203201700025 in favour of Ningbo Kaiyang Real Estate, Hai Jun Fu with a total gross floor area of approximately 172,594.78 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – No. 330203201706130201 and No. 330203201706130101 in favour of Ningbo Kaiyang Real Estate, permission by the relevant local authority was given to commence the construction of Hai Jun Fu with a gross floor area of approximately 172,592.76 sq.m.

6. Pursuant to 3 Pre-sale Permits – Hai Fang Yu Xu Zi (2017) Di Zhu No. 29, Hai Fang Yu Xu Zi (2018) Di Zhu No. 04 and Hai Fang Yu Xu Zi (2018) Di Zhu No. 09 in favour of Ningbo Kaiyang Real Estate, Ningbo Kaiyang Real Estate is entitled to sell portions of Hai Jun Fu (representing a total gross floor area of approximately 118,541.79 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group III – held under development by the Group	Residential	119,040.84	–
	Retail	1,275.19	–
	Basement (inclusive of car parking spaces)	48,941.36	997
	Ancillary	3,337.39	–
	Total:	**172,594.78**	**997**

8. As advised by the Group, various residential units with a total gross floor area of approximately 97,338.10 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,815,700,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB2,370,000,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB18,000 to RMB23,000 per sq.m. for residential units, RMB20,000 to RMB28,000 per sq.m. for retail units and RMB70,000 to RMB130,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to 2 Mortgage Contracts, the land use rights and the buildings under construction of Hai Jun Fu are subject to a mortgage in favour of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Ningbo Kaiyang Real Estate is legally and validly in possession of the land use rights of the property. Ningbo Kaiyang Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Ningbo Kaiyang Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Ningbo Kaiyang Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit. . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Portion
    g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

14. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
8.	Bliss Xinjie Residence located at the eastern side of Benjin Road and the southern side of Xinqiao Road Dinghai District Zhoushan City Zhejiang Province The PRC (舟山•融悦新界公館)	Bliss Xinjie Residence is located at the eastern side of Benjin Road and the southern side of Xinqiao Road. The locality is a residential area well-served by adequate facilities and convenient public transportation along the main roads. Bliss Xinjie Residence occupies a parcel of land with a site area of approximately 38,198.69 sq.m., which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in May 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 128,887.36 sq.m. As at the valuation date, the property comprised the whole project of Bliss Xinjie Residence. The classification, usage and gross floor area details of the property were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,617,100,000, of which approximately RMB1,006,700,000 had been incurred up to the valuation date. The land use rights of the property have been granted for the terms expiring on 1 August 2087 for residential use and 1 August 2057 for commercial use.	As at the valuation date, the property was under construction.	1,019,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3309022017A21013 dated 23 June 2017, the land use rights of a parcel of land with a site area of approximately 38,198.69 sq.m. were contracted to be granted to Zhoushan Kaizhou Real Estate Co., Ltd. (舟山凱舟置業有限公司, "Zhoushan Kaizhou Real Estate," an indirect wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB858,018,975.

2. Pursuant to a Construction Land Planning Permit – Jian Zi Di (2017) No. 045, permission towards the planning of the aforesaid land parcel with a site area of approximately 38,198.69 sq.m. has been granted to Zhoushan Kaizhou Real Estate.

3. Pursuant to 2 Real Estate Title Certificates – Zhe (2017) Dinghai Qu Bu Dong Chan Quan Di No. 0011225 and No. 0011224, the land use rights of the aforesaid land parcel with a site area of approximately 38,198.69 sq.m. have been granted to Zhoushan Kaizhou Real Estate for terms expiring on 1 August 2087 for residential use and 1 August 2057 for commercial use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di (2017) No. 074 and No. 075 in favour of Zhoushan Kaizhou Real Estate, Bliss Xinjie Residence with a total gross floor area of approximately 128,887.36 sq.m. has been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – No. 222090220171208010 1 and No. 222090220171212020 1 in favour of Zhoushan Kaizhou Real Estate, permission by the relevant local authority was given to commence the construction of Bliss Xinjie Residence with a gross floor area of approximately 128,887.36 sq.m.

6. Pursuant to 2 Pre-sale Permits – Zhou Ding Shou Xu Zi (2018) Di Nos. 003 and 007 in favour of Zhoushan Kaizhou Real Estate, Zhoushan Kaizhou Real Estate is entitled to sell portions of Bliss Xinjie Residence (representing a total gross floor area of approximately 42,355.60 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area (sq.m.)	No. of car parking space
Group III – held under development by the Group	Residential	81,242.25	–
	Retail	1,499.95	–
	Basement (inclusive of car parking spaces)	44,992.48	727
	Ancillary	1,152.68	–
	Total:	**128,887.36**	**727**

8. As advised by the Group, various residential units with a total gross floor area of approximately 22,242.80 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB451,800,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,822,000,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB16,000 to RMB28,000 per sq.m. for residential units and RMB23,000 to RMB27,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property. As advised by the Company, the ownership rights of the basement car parking spaces are non-transferable.

11. Pursuant to a mortgage contract, the land use rights and the buildings under construction of Bliss Xinjie Residence are subject to a mortgage in favour of a third parity.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Zhoushan Kaizhou Real Estate is legally and validly in possession of the land use rights of the property. Zhoushan Kaizhou Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Zhoushan Kaizhou Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Zhoushan Kaizhou Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit. . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Portion
    g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

14. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
9.	Anqing Dafa Bliss located at the northern side of Yingbin Avenue and the eastern side of Wenyuan Road Anqing City Anhui Province The PRC (安慶•安慶大發融悅)	Anqing Dafa Bliss is located at the northern side of Yingbin Avenue and the eastern side of Wenyuan Road. The locality is a newly developed residential area where public facilities such as municipal facilities and amenities are still under development. Anqing Dafa Bliss occupies 2 parcels of land with a total site area of approximately 72,634.50 sq.m., which will be developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in November 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 153,387.01 sq.m. As at the valuation date, the property comprised the whole project. The classification, usage and gross floor area details of the property upon completion were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,018,400,000, of which approximately RMB667,400,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 16 September 2087 for residential use.	As at the valuation date, the property was under construction.	694,000,000

Notes:

1. Pursuant to 2 State-owned Construction Land Use Rights Grant Contracts – 340811 Chu Rang (2017) No. 9 and 340811 Chu Rang (2017) No. 010 dated 7 August 2017 and the supplementary contracts dated 21 August 2017, the land use rights of 2 parcels of land with a total site area of approximately 72,634.50 sq.m. were contracted to be granted to Anqing Yinyi Real Estate Co., Ltd. (安慶市垠壹置業有限公司, "Anqing Yinyi Real Estate," a 79.82%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB490,000,000.

2. Pursuant to 2 Construction Land Planning Permits – Di Zi Di No. 340801201700036 and Di Zi Di No. 340801201700037, permissions toward the planning of the aforesaid land parcel with a total site area of approximately 72,634.50 sq.m. has been granted to Anqing Yinyi Real Estate.

3. Pursuant to 2 Real Estate Title Certificates – Wan (2018) An Qing Shi Bu Dong Chan Quan Nos. 0023858 and 0023838, the land use rights of the aforesaid land parcels with a total site area of approximately 72,634.50 sq.m. have been granted to Anqing Yinyi Real Estate for a term expiring 16 September 2087 for residential use.

4. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 340801201800002 and 340801201800007 in favour of Anqing Yinyi Real Estate, Anqing Dafa Bliss with a total gross floor area of approximately 153,387.01 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits – Nos. 3408001712290101-SX-001 and 3408001712290101-SX-002, in favour of Anqing Yinyi Real Estate, permissions by the relevant local authority were given to commence the construction of Anqing Dafa Bliss with a total gross floor area of approximately 147,125.63 sq.m.

6. Pursuant to 13 Pre-sale Permits – Yi Fang Shang Yu Zi Di Nos. 00174 to 00180 and 00204 to 00209, in favour of Anqing Yinyi Real Estate, the Group is entitled to sell portions of Anqing Dafa Bliss (representing a total gross floor area of approximately 72,529.14 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property upon completion is set out as below:

Group	Usage	Planned Gross Floor Area (sq.m.)	Nos. of car parking space
Group III – held under development by the Group	Residential	111,766.06	–
	Retail	2,976.21	–
	Ancillary	2,801.48	–
	Basement (inclusive of car parking spaces)	35,843.26	757
	Total:	**153,387.01**	**757**

8. As advised by the Group, various residential units with a total gross floor area of approximately 27,894.61 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB260,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,235,000,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB9,000 to RMB14,000 per sq.m. for residential units and RMB15,000 to RMB20,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property. As advised by the Company, the ownership rights of the basement car parking spaces are non-transferable.

11. Pursuant to a Mortgage Contract, the land use rights of Anqing Dafa Bliss are subject to a mortgage in favour of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Anqing Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Anqing Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Anqing Yinyi Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Anqing Yinyi Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Portion
    g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

14. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
10.	DaFa Yi Jing Cheng located at the eastern side of Qianjiang Road and the northern side of Huazhong Road Yingjiang District Anqing City Anhui Province The PRC (安慶•大發宜景城)	DaFa Yi Jing Cheng is located at the eastern side of Qianjiang Road and the northern side of Huazhong Road. It is well-served with public transportation. The locality is a newly developed residential area where public facilities such as municipal facilities and amenities are still under development. DaFa Yi Jing Cheng occupies 4 parcels of land with a total site area of approximately 412,643.85 sq.m., which is being developed into a residential and commercial development. Portions of the project were completed in 2011 to 2016, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. Portions of the project were under construction (the "CIP") as at the valuation date and are scheduled to be completed in December 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 358,472.54 sq.m. The construction of the remaining portion of the project with a total planned gross floor area of approximately 58,032.41 sq.m. (the "bare land") had not been commenced as at the valuation date. As at the valuation date, the property comprised the unsold units, the CIP and the bare land of DaFa Yi Jing Cheng with a total completed and planned gross floor area of approximately 427,428.36 sq.m. The classification, usage and gross floor area details of the property were set out in note 10. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,010,900,000, of which approximately RMB842,200,000 had been incurred up to the valuation date. The land use rights of the property have been granted for the terms expiring on 31 March 2078 and 31 August 2080 for residential use and 31 March 2048 and 31 May 2050 for commercial use.	As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction, and the remaining portion of the property was bare land.	1,280,700,000

Notes:

1. Pursuant to 4 State-owned Land Use Rights Grant Contracts – Anqing City Guo Rang (He) Zi (2008) No. 008 dated 27 March 2008 and a Supplementary Contract dated 27 March 2008, 340802 Chu Rang (2010) No. 32 dated 22 July 2010, 340802 Chu Rang (2010) No. 33 dated 19 April 2010 and 340811 Chu Rang(2010) No. 002 dated 2 February 2010, the land use rights of 4 parcels of land with a total site area of approximately 412,643.85 sq.m. were contracted to be granted to Anqing Kairun Property Development Co., Ltd. (安慶市凱潤房地產開發有限公司, "Anqing Kairun Property Development," an indirect wholly-owned subsidiary of the Company) for the terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB576,000,000.

2. Pursuant to 4 Construction Land Planning Permits – Di Zi Di Nos. 340801200800094, 340801201300016, 340801201300017 and 340801201000010, permissions toward the planning of the aforesaid land parcels with a total site area of approximately 412,643.85 sq.m. have been granted to Anqing Kairun Property Development.

3. Pursuant to 4 State-owned Land Use Rights Certificates – Qing Guo Yong (2009) Di No. 550, Qing Guo Yong (2011) Di No. 008, Qing Guo Yong (2013) Di No. 00324 and Qing Guo Yong (2010) No. 105, the land use rights of the aforesaid land parcels with a total site area of approximately 412,643.85 sq.m. have been granted to Anqing Kairun Property Development for the terms of 70 years for residential use and 40 years for commercial use expiring on 31 March 2078 and 31 August 2080 for residential use and 31 March 2048 and 31 May 2050 for commercial use.

4. Pursuant to 10 Building Ownership Certificates – Fang Di Quan Zheng Yi Fang Zi Di No. 50099191, Fang Di Quan Zheng Yi Zi Di Nos. 50091461 to 50091464, 50130584 to 50130586, 50130589 and 50130590, the commercial building and portions of Phase I and II of DaFa Yi Jing Cheng with a total gross floor area of approximately 45,957.27 sq.m. are owned by Anqing Kairun Property Development.

5. Pursuant to 7 Real Estate Title Certificates – Wan (2018) An Qing Shi Bu Dong Chan Quan Di Nos. 0004066 to 0004072, portions of Phase IV of DaFa Yi Jing Cheng with a total gross floor area of approximately 115,478.69 sq.m. are owned by Anqing Kairun Property Development.

6. Pursuant to 27 Construction Work Planning Permits – Jian Zi Di Nos. 340801200900253, 34080120090061, 340801201000233 to 340801201000234, 3408002011000933, 340800201200037 to 340800201200038, 3408002012000222, 340800201300006, 340800201300025 to 340800201300027, 340800201500028, 340800201500003 to 340800201500008, 340800201500018, 340800201500044 to 340800201500047, 340800201500020 to 340800201500021 and 340801201000057 in favour of Anqing Kairun Property Development, DaFa Yi Jing Cheng with a total gross floor area of approximately 908,939.42 sq.m. have been approved for construction.

7. Pursuant to 12 Construction Work Commencement Permits – Nos. 080210090053, 080309100049, 080211010011, 080211080051, 080213050047, 080213110115, 080213110104, 34080214080601S06, 34080214080601S03, 34080214080601S05, 3408021608190101-SX-001 and 34080214080601S09 in favour of Anqing Kairun Property Development, permissions by the relevant local authority were given to commence the construction of DaFa Yi Jing Cheng with a total gross floor area of approximately 1,150,206.64 sq.m.

8. Pursuant to 102 Pre-sale Permits – Xuan Fang Shang Yu Zi Di Nos. 50958, 50990 to 50996, 50740 to 50743, 50751 to 50754, 50829 to 50834, 50936 to 50939, 50757 to 50759, 51431 to 51436, 51515 to 51518, 51239 to 51241, 51316 to 51318, 51110 to 51113, 51050 to 51054, 51224 to 51225, 51783 to 51789, 51562 to 51565, 51637 to 51640, 51818 to 51824, 51856, 52060 to 52061, 52136 to 52137, 52141 to 52143, 52223, 52225 to 52226, 52228 to 52230, 52269, 52296, 52299, 52314, 52356 to 52357, 52389 to 52390, 00050 and 00052 in favour of Anqing Kairun Property Development, the Group is entitled to sell portions of DaFa Yi Jing Cheng (representing a total gross floor area of approximately 921,448.15 sq.m.) to purchasers.

9. Pursuant to 127 Construction Work Completion and Inspection Tables in favour of Anqing Kairun Property Development, the construction of portions of DaFa Yi Jing Cheng with a total gross floor area of approximately 780,630.07 sq.m. has been completed and passed the inspection acceptance.

10. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	**Usage**	**Gross Floor Area/Planned Gross Floor Area**	**No. of car parking space**
		(sq.m.)	
Group I – held for sale by the Group	Residential	2,736.43	–
	Retail	8,186.98	–
	Sub-total:	**10,923.41**	**–**
Group III – held under development by the Group	Residential	252,539.93	–
	Retail	2,763.98	–
	Basement (inclusive of car parking spaces)	74,169.79	2,813
	Ancillary	28,998.84	–
	Sub-total:	**358,472.54**	**2,813**
Group IV – held for future development by the Group	Residential	19,313.71	–
	Retail	24,936.70	–
	Ancillary	250.00	–
	Basement (inclusive of car parking spaces)	13,532.00	–
	Sub-total:	**58,032.41**	**–**
	Total:	**427,428.36**	**2,813**

11. As advised by the Group, various residential and commercial units with a total gross floor area of approximately 254,225.03 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB1,299,400,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

12. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,314,600,000.

13. Our valuation has been made on the following basis and analysis:

    a. For the portions of the property in Group I and Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB5,500 to RMB7,600 per sq.m. for residential units and RMB10,000 to RMB15,000 per sq.m. for retail units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property. As advised by the Company, the ownership rights of the basement car parking spaces are non-transferable.

    b. For the remaining portion of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential and commercial land located in the area close to the subject property, which were transacted in 2015 and 2016. The accommodation value of these comparable land sites ranges from RMB1,300 to RMB1,900 per sq.m. basis for residential and commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

14. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Anqing Kairun Property Development is legally and validly in possession of the land use rights of the property. Anqing Kairun Property Development has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

    b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Anqing Kairun Property Development has the rights to legally occupy, use and lease these portions of the property;

    c. Anqing Kairun Property Development has obtained all requisite construction work approvals in respect of the actual development progress; and

    d. Anqing Kairun Property Development has the rights to legally pre-sell the portions of the property mentioned in note 8 according to the obtained Pre-sale Permits.

15. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Building Ownership Certificate	Portion
d.	Real Estate Title Certificate	Portion
e.	Construction Land Planning Permit	Yes
f.	Construction Work Planning Permit	Yes
g.	Construction Work Commencement Permit	Yes
h.	Pre-sale Permit	Portion
i.	Construction Work Completion and Inspection Certificate/Table/Report	Portion

16. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date**
	(RMB)
Group I – held for sale by the Group	85,500,000
Group III – held under development by the Group	1,127,800,000
Group IV – held for future development by the Group	67,400,000
Total:	**1,280,700,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
11.	Dafa Bliss Oriental (Wuhu) located at the eastern side of Jiujiang North Road and the northern side of Yongjin Road Jiujiang District Wuhu City Anhui Province The PRC (蕪湖•大發融悦東方)	Dafa Bliss Oriental (Wuhu) is located at the eastern side of Jiujiang North Road and the northern side of Yongjin Road. It is well-served with public transportation. The locality is a mega residential area with street front shops, schools and parks. Dafa Bliss Oriental (Wuhu) occupies a parcel of land with a site area of approximately 93,967.00 sq.m., which will be developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in March 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 203,815.91 sq.m. As at the valuation date, the property comprised the whole project. The classification, usage and gross floor area details of the property upon completion were set out in note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB1,568,300,000, of which approximately RMB937,500,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms expiring on 5 December 2057 for commercial use and 5 December 2087 for residential use.	As at the valuation date, the property was under construction.	969,500,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 340200 Chu Rang (2017) No. 17 dated 21 November 2017 and a Supplementary Contract dated 24 November 2017, the land use rights of a parcel of land with a site area of approximately 93,967.00 sq.m. were contracted to be granted to Wuhu Yinyi Real Estate Co., Ltd. (蕪湖垠壹置業有限公司, "Wuhu Yinyi Real Estate," an indirect wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB754,000,000.

2. Pursuant to a Construction Land Planning Permit – No. 340201201700088, permission towards the planning of the aforesaid land parcel with a site area of approximately 93,967.00 sq.m. has been granted to Wuhu Yinyi Real Estate.

3. Pursuant to 2 Real Estate Title Certificates – Wan (2018) Wu Hu Shi Bu Dong Chan Quan Nos. 0446760 and 0446764, the land use rights of the aforesaid land parcels with a total site area of approximately 93,967.00 sq.m. have been granted to Wuhu Yinyi Real Estate for terms expiring on 5 December 2057 for commercial use and 5 December 2087 for residential use.

4. Pursuant to 33 Construction Work Planning Permits – Nos. 340201201800279 to 340201201800286, 340201201800313, 340201201800325 to 340201201800326, 340201201800342 to 340201201800363 in favour of Wuhu Yinyi Real Estate, Dafa Bliss Oriental (Wuhu) with a total gross floor area of approximately 203,815.91 sq.m. has been approved for construction.

5. Pursuant to 7 Construction Work Commencement Permits – No. 3402071801170102-SX-001 to No. 3402071801170102-SX-007 in favour of Wuhu Yinyi Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Bliss Oriental (Wuhu) with a gross floor area of approximately 190,855.47 sq.m.

6. Pursuant to 6 Pre-sale Permits – (Wu) Fang Yu Shou Zheng Di (2018) Nos. 105 to 107 and 153 to 155, in favour of Wuhu Yinyi Real Estate, the Group is entitled to sell portions of Dafa Bliss Oriental (Wuhu) (representing a total gross floor area of approximately 62,563.27 sq.m.) to purchasers.

7. According to the information provided by the Group, the planned gross floor area of the property upon completion is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group III – held under development by the Group	Residential	152,438.79	–
	Retail	1,597.40	–
	Ancillary	4,034.07	–
	Basement (inclusive of car parking spaces)	45,745.65	1,217
	Total:	**203,815.91**	**1,217**

8. As advised by the Group, various residential units with a total gross floor area of approximately 20,429.63 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB280,000,000. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB1,870,600,000.

10. Our valuation has been made on the following basis and analysis:

    In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB12,000 to RMB16,000 per sq.m. for residential units, RMB15,000 to RMB20,000 per sq.m. for retail units and RMB50,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. Pursuant to a Mortgage Contract, the land use rights of Dafa Bliss Oriental (Wuhu) are subject to a mortgage in favour of a third party.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

    a. Wuhu Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Wuhu Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property;

    b. Wuhu Yinyi Real Estate has obtained all requisite construction work approvals in respect of the actual development progress; and

    c. Wuhu Yinyi Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate	Yes
c.	Construction Land Planning Permit	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Portion
f.	Pre-sale Permit	Portion
g.	Construction Work Completion and Inspection Certificate/Table/Report	No

14. For the purpose of this report, the property is classified into the group as "Group III – held under development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
12.	Portions of Dafa Bliss Garden located at the junction of Shuangbaigang Road and Nanjing Xiaolingwei Junior Middle School Xuanwu District Nanjing City Jiangsu Province The PRC (南京•大發融悦花園)	Dafa Bliss Garden is located at the junction of Shuangbaigang Road and Nanjing Xiaolingwei Junior Middle School. It is well-served with public transportation and adequate facilities. The surrounding environment comprises a mega residential development with a shopping center, street front shops, schools and a kindergarten. Dafa Bliss Garden occupies a parcel of land with a site area of approximately 32,450.88 sq.m., which had been developed into a residential and commercial development. The project was completed in 2017, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Dafa Bliss Garden with a total gross floor area of approximately 3,884.86 sq.m. The classification, usage and gross floor area details of the property were set out in note 9. The land use rights of the property have been granted for a term expiring on 20 May 2085 for residential use.	As at the valuation date, the property was vacant.	78,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3201012015CR0019 dated 26 December 2014, the land use rights of a parcel of land with a site area of approximately 32,469.02 sq.m. (including the land use rights of the property) were contracted to be granted to Nanjing Kaixuan Real Estate Co., Ltd. (南京凱泫置業有限公司, "Nanjing Kaixuan Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB600,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320102201510185, permission towards the planning of the aforesaid land parcel with a site area of approximately 32,483.74 sq.m. (including the property) has been granted to Nanjing Kaixuan Real Estate.

3. Pursuant to a State-owned Land Use Rights Certificate – Ning Xuan Guo Yong (2015) No. 05909, the land use rights of a parcel of land with a site area of approximately 32,450.88 sq.m. (including the land use rights of the property) have been granted to Nanjing Kaixuan Real Estate for a term expiring on 20 May 2085 for residential use.

4. Pursuant to 166 Real Estate Title Certificates, portions of the property with a total gross floor area of approximately 3,207.97 sq.m. are owned by Nanjing Kaixuan Real Estate.

5. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320102201510465 in favour of Nanjing Kaixuan Real Estate, Dafa Bliss Garden with a gross floor area of approximately 69,101.00 sq.m. (including the property) has been approved for construction.

6. Pursuant to a Construction Work Commencement Permit – No. 320102201508120101 in favour of Nanjing Kaixuan Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Bliss Garden with a gross floor area of approximately 69,101.00 sq.m. (including the property).

7. Pursuant to 4 Pre-sale Permits – Ning Fang Xiao Di Nos. 2015100140, 2015100197, 2016100054 and 2016100010 in favour of Nanjing Kaixuan Real Estate, the Group is entitled to sell portions of Dafa Bliss Garden (representing a total gross floor area of approximately 51,038.88 sq.m.) to purchasers.

8. Pursuant to 14 Construction Work Completion and Inspection Certificates in favour of Nanjing Kaixuan Real Estate, the construction of Dafa Bliss Garden with a gross floor area of approximately 68,724.60 sq.m. (including the property) has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Residential	387.68	–
	Retail	1,537.00	–
	Storage room	885.58	–
	Car parking spaces	1,074.60	86
	Total:	**3,884.86**	**86**

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB25,000 to RMB36,000 per sq.m. for residential units, RMB40,000 to RMB50,000 per sq.m. for retail units on the first floor and RMB130,000 to RMB250,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Nanjing Kaixuan Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Kaixuan Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Kaixuan Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Nanjing Kaixuan Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. State-owned Land Use Rights Certificate . . . . Yes
c. Real Estate Title Certificate . . . . Portion
d. Construction Land Planning Permit . . . . Yes
e. Construction Work Planning Permit. . . . . Yes
f. Construction Work Commencement Permit . . . . Yes
g. Pre-sale Permit . . . . Yes
h. Construction Work Completion and Inspection Certificate/Table . . . . Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
13.	Portions of Dafa Yan Lan Wan located at the junction of Heyan Road and Yanlan Street Qixia District Nanjing City Jiangsu Province The PRC (南京•大發燕瀾灣)	Dafa Yan Lan Wan is located at the junction of Heyan Road and Yanlan Street. It is well-served with public transportation and adequate facilities. The surrounding environment comprises a residential area with several mega residential developments with street front shops, schools and Yanziji Park. Dafa Yan Lan Wan occupies a parcel of land with a site area of approximately 70,231.10 sq.m., which had been developed into a residential development. The project was completed in 2013, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Dafa Yan Lan Wan with a total gross floor area of approximately 1,922.18 sq.m. The classification, usage and gross floor area details of the property were set out in note 9. The land use rights of the property have been granted for a term expiring on 20 January 2080 for residential use.	As at the valuation date, the property was vacant.	19,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3201012009CR0060 dated 23 June 2009 and a Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 70,231.10 sq.m. (including the land use rights of the property) were contracted to be granted to Nanjing Kaizhou Real Estate Co., Ltd. (南京凱洲置業有限公司, "Nanjing Kaizhou Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The land premium was RMB404,000,000.

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320113201011169, permission towards the planning of the aforesaid land parcel with a site area of approximately 70,231.10 sq.m. (including the property) has been granted to Nanjing Kaizhou Real Estate.

3. Pursuant to 2 State-owned Land Use Rights Certificates – Ning Qi Guo Yong (2010) Nos. 03454 and 03455, the land use rights of a parcel of land with a site area of approximately 70,231.10 sq.m. (including the land use rights of the property) have been granted to Nanjing Kaizhou Real Estate for a term expiring on 20 January 2080 for residential use.

4. Pursuant to 45 Real Estate Title Certificates, the property with a total gross floor area of approximately 1,922.18 sq.m. are owned by Nanjing Kaizhou Real Estate.

5. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 320113201011261 in favour of Nanjing Kaizhou Real Estate, Dafa Yan Lan Wan with a gross floor area of approximately 172,283.40 sq.m. (including the property) has been approved for construction.

6. Pursuant to a Construction Work Commencement Permit – Ning Jian Ji Xu (2010) No. 339 in favour of Nanjing Kaizhou Real Estate, permission by the relevant local authority was given to commence the construction of Dafa Yan Lan Wan with a gross floor area of approximately 172,283.40 sq.m. (including the property).

7. Pursuant to 4 Pre-sale Permits – Ning Fang Xiao Di Nos. 201010173, 201110053, 201110173 and 2012100084 in favour of Nanjing Kaizhou Real Estate, the Group is entitled to sell portions of Dafa Yan Lan Wan (representing a total gross floor area of approximately 131,087.60 sq.m.) to purchasers.

8. Pursuant to 6 Construction Work Completion and Inspection Certificates in favour of Nanjing Kaizhou Real Estate, the construction of Dafa Yan Lan Wan with a gross floor area of approximately 171,589.50 sq.m. (including the property) has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Clubhouse	1,348.48	–
	Car parking spaces	573.70	44
	Total:	**1,922.18**	**44**

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are clubhouse and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017 and 2018. The unit price of these comparable properties ranges from RMB8,000 to RMB12,000 per sq.m. for clubhouse and RMB110,000 to RMB200,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Nanjing Kaizhou Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Kaizhou Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Kaizhou Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Nanjing Kaizhou Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. State-owned Land Use Rights Certificate . . . . Yes
c. Real Estate Title Certificate . . . . Yes
d. Construction Land Planning Permit . . . . Yes
e. Construction Work Planning Permit . . . . Yes
f. Construction Work Commencement Permit . . . . Yes
g. Pre-sale Permit . . . . Yes
h. Construction Work Completion and Inspection Certificate/Table . . . . Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
14.	Portions of Nanjing Kai Run Jin Cheng located at the junction of Zhongshan Road and Changjiang Road Xuanwu District Nanjing City Jiangsu Province The PRC (南京•凱潤金城)	Nanjing Kai Run Jin Cheng is located at the junction of Zhongshan Road and Changjiang Road. It is well-served with public transportation and adequate facilities. The locality of the property is a well developed residential, office and commercial area served by adequate facilities and public transportation along the main roads. Nanjing Kai Run Jin Cheng occupies 4 parcels of land with a total site area of approximately 35,961.50 sq.m., which had been developed into a residential development. The project was completed in 2009 to 2011, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Nanjing Kai Run Jin Cheng with a total gross floor area of approximately 4,347.47 sq.m. The classification, usage and gross floor area details of the property were set out in note 9. The land use rights of the property have been granted for terms expiring on 29 August 2045 for commercial use and 29 August 2075 for residential use.	As at the valuation date, the property was vacant.	122,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Ning Guo Tu Zi Rang He (2003) No. 98 dated 13 August 2003 and a Supplementary Contract, the land use rights of a parcel of land with a site area of approximately 35,961.50 sq.m. (including the land use rights of the property) were contracted to be granted to Nanjing Kairun Real Estate Development Co., Ltd. (南京凱潤房地產開發有限公司, "Nanjing Kairun Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The land premium was RMB460,000,000.

2. Pursuant to a Construction Land Planning Permit – Ning Gui Cheng Zhong Yong Di (2003) No. 0147, permission towards the planning of the aforesaid land parcel with a site area of approximately 42,000.00 sq.m. (including the property) has been granted to Nanjing Kairun Real Estate.

3. Pursuant to 4 State-owned Land Use Rights Certificates – Ning Xuan Guo Yong (2005) Nos. 11601 to 11603 and Ning Xuan Guo Yong (2006) No. 04033, the land use rights of 4 parcels of land with a total site area of approximately 35,961.50 sq.m. (including the land use rights of the property) have been granted to Nanjing Kairun Real Estate for terms expiring on 29 August 2075 for residential use and 29 August 2045 for commercial use.

4. Pursuant to 304 Real Estate Title Certificates and a Building Ownership Certificate – Ning Fang Quan Zheng Xuan Chu Zi Di No. 414144, the property with a total gross floor area of approximately 4,347.47 sq.m. are owned by Nanjing Kairun Real Estate.

5. Pursuant to 3 Construction Work Planning Permits – Ning Gui Cheng Zhong Jian Zhu (2006) No. 0006 in favour of Nanjing Kairun Real Estate, Nanjing Kai Run Jin Cheng with a gross floor area of approximately 219,078.41 sq.m. (including the property) has been approved for construction.

6. Pursuant to a Construction Work Commencement Permit – Ning Jian Ji Xu (2006) No. 029 in favour of Nanjing Kairun Real Estate, permission by the relevant local authority was given to commence the construction of Nanjing Kai Run Jin Cheng with a gross floor area of approximately 219,078.41 sq.m. (including the property).

7. Pursuant to 5 Pre-sale Permits – Ning Fang Xiao Di Nos. 200700147, 200700176, 200810154, 200910090 and 201010038 in favour of Nanjing Kairun Real Estate, the Group is entitled to sell portions of Nanjing Kai Run Jin Cheng (representing a total gross floor area of approximately 166,283.85 sq.m.) to purchasers.

8. Pursuant to 3 Construction Work Completion and Inspection Certificates in favour of Nanjing Kairun Real Estate, the construction of Nanjing Kai Run Jin Cheng with a gross floor area of approximately 219,078.65 sq.m. (including the property) has been completed and passed the inspection acceptance.

9. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Residential	118.39	–
	Car parking spaces	4,229.08	304
	Total:	**4,347.47**	**304**

10. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017 and 2018. The unit price of these comparable properties ranges from RMB35,000 to RMB45,000 per sq.m. for residential units and RMB300,000 to RMB400,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Nanjing Kairun Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Kairun Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Kairun Real Estate has the rights to legally occupy, use and lease these portions of the property; and

c. Nanjing Kairun Real Estate has the rights to legally pre-sell the portions of the property mentioned in note 7 according to the obtained Pre-sale Permits.

12. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. State-owned Land Use Rights Certificate . . . . Yes
c. Real Estate Title Certificate/Building ownership certificate . . . . Yes
d. Construction Land Planning Permit . . . . Yes
e. Construction Work Planning Permit . . . . Yes
f. Construction Work Commencement Permit . . . . Yes
g. Pre-sale Permit . . . . Yes
h. Construction Work Completion and Inspection Certificate/Table . . . . Yes

13. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
15.	Portions of Shanghai Kai Run Jin Cheng located at the junction of Sichuan North Road and Dongbaoxing Road Hongkou District Shanghai The PRC (上海•凱潤金城)	Shanghai Kai Run Jin Cheng is located at the junction of Sichuan North Road and Dongbaoxing Road. The locality of the property is a developed residential and commercial area well-served by adequate facilities and public transportation along the main roads. Shanghai Kai Run Jin Cheng occupies a parcel of land with a site area of approximately 16,929.00 sq.m., which had been developed into a residential development. The project was completed in May 2006, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Shanghai Kai Run Jin Cheng with a total gross floor area of approximately 4,023.17 sq.m. The classification, usage and gross floor area details of the property were set out in note 8. The land use rights of the property have been granted for a term expiring on 4 February 2052 for composite uses.	As at the valuation date, the property was vacant.	32,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Hu Fang Di (2002) Chu Rang He Tong Hong Zi Di No. 011 dated 28 January 2002, the land use rights of a parcel of land with a site area of approximately 16,929.00 sq.m. (including the land use rights of the property) were contracted to be granted to Shanghai Dafa Property Group Co., Ltd. (上海大發房地產集團有限公司, "Shanghai Dafa," an indirect wholly-owned subsidiary of the Company), formerly known as Shanghai Kairun Real Estate Co., Ltd.(上海凱潤房地產有限公司) for a term of 50 years for composite uses commencing from the land delivery date. The land premium was RMB27,783,028.

2. Pursuant to a Construction Land Planning Permit – Hu Di Hong (2001) No. 0034, permission towards the planning of the aforesaid land parcel with a site area of approximately 18,978.00 sq.m. (including the property) has been granted to Shanghai Dafa.

3. Pursuant to a Real Estate Title Certificate – Hu Fang Di Hong Zi (2002) Di No. 002692, the land use rights of a parcel of land with a site area of approximately 16,929.00 sq.m. (including the land use rights of the property) have been granted to Shanghai Dafa for a term expiring on 4 February 2052 for composite uses.

4. Pursuant to 2 Construction Work Planning Permits – Hu Jian Hong (2004) Nos. 0001 and 0036 in favour of Shanghai Dafa, Shanghai Kai Run Jin Cheng with a gross floor area of approximately 79,846.00 sq.m. (including the property) has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 310109200201170501 in favour of Shanghai Dafa, permission by the relevant local authority was given to commence the construction of Shanghai Kai Run Jin Cheng with a gross floor area of approximately 72,140.00 sq.m. (including the property).

6. Pursuant to 5 Pre-sale Permits – Hong Kou (2004) Yu Zi No. 009, Hong Kou Fang Di (2004) Yu Zi Nos. 0000188, 0000804 and 0001167 and Hong Kou Fang Di (2005) Yu Zi No. 0000383 in favour of Shanghai Dafa, the Group is entitled to sell portions of Shanghai Kai Run Jin Cheng (representing a total gross floor area of approximately 43,463.41 sq.m.) to purchasers.

7. Pursuant to a Construction Work Completion and Inspection Certificate in favour of Shanghai Dafa, the construction of Shanghai Kai Run Jin Cheng with a gross floor area of approximately 80,772.70 sq.m. (including the property) has been completed and passed the inspection acceptance.

8. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group I – held for sale by the Group	Car parking spaces	4,023.17	107
	Total:	**4,023.17**	**107**

9. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2017 and 2018. The unit price of these comparable properties ranges from RMB250,000 to RMB350,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Shanghai Dafa is legally and validly in possession of the land use rights of the property. Shanghai Dafa has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property;

    b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Dafa has the rights to legally occupy, use and lease these portions of the property; and

    c. Shanghai Dafa has the rights to legally pre-sell the portions of the property mentioned in note 6 according to the obtained Pre-sale Permits.

11. A summary of major certificates/approvals is shown as follows:

    a. State-owned Land Use Rights Grant Contract . . . . Yes
    b. Real Estate Title Certificate . . . . Yes
    c. Construction Land Planning Permit . . . . Yes
    d. Construction Work Planning Permit . . . . Yes
    e. Construction Work Commencement Permit . . . . Yes
    f. Pre-sale Permit . . . . Yes
    g. Construction Work Completion and Inspection Certificate/Table . . . . Yes

12. For the purpose of this report, the property is classified into the group as "Group I – held for sale by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
16.	Nanjing IST Mall located at Nos. 100 and 132 Zhongshan Road Xuanwu District Nanjing City Jiangsu Province The PRC (南京•艾尚天地)	Nanjing IST Mall is a six-storey shopping mall which is located at Nos. 100 and 132 Zhongshan Road. The locality of the property is a well developed residential, office and commercial area served by adequate facilities and public transportation along the main roads. Nanjing IST Mall with a total apportioned site area of approximately 3,028.60 sq.m. was completed in 2011, and was held for investment as at the valuation date. As at the valuation date, the property comprised the whole project of Nanjing IST Mall with a total gross floor area of approximately 35,920.51 sq.m. The classification, usage and gross floor area details of the property were set out in note 3. The land use rights of the property have been granted for a term expiring on 29 August 2045 for commercial use.	As at the valuation date, the property was rented to two independent third parties for commercial purpose.	1,336,100,000

Notes:

1. Pursuant to 13 State-owned Land Use Rights Certificates – Ning Xuan Guo Yong (2012) Di No. 06529, No. 06530, No. 06531, No. 06532, No. 06533, No. 06534, No. 06535, No. 06536, No. 06537, No. 06538, No. 06539, No. 12615 and No. 12614, the land use rights of the property with a total site area of approximately 3,028.60 sq.m. have been granted to Nanjing Kairun Real Estate for a term expiring on 29 August 2045 for commercial use.

2. Pursuant to 13 Building Ownership Certificates – Ning Fang Quan Zheng Xuan Chu Zi Di No. 355746, No. 355747, No. 355748, No. 355749, No. 355750, No. 355751, No. 355752, No. 355753, No. 355754, No. 355741, No. 355742, No. 355277 and No. 355278, the property with a total gross floor area of approximately 35,920.51 sq.m. is owned by Nanjing Kairun Real Estate.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group II – held for investment by the Group	Retail	33,345.10	–
	Office	1,365.52	–
	Clubhouse	924.02	–
	Supermarket	285.87	N/A
	Total:	**35,920.51**	**N/A**

4. Pursuant to 2 Tenancy Agreements entered into between Nanjing Kairun Real Estate and 2 independent third parties, portions of the property with a total lettable area of approximately 23,043.93 sq.m. are leased to 2 tenants for commercial purpose with the expiry dates between 31 March 2021 and 14 November 2024, and the total monthly rent receivable as at the valuation date is approximately RMB3,513,000, exclusive of management fees, water and electricity charges. As advised by the Group, Nanjing Kairun Real Estate or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.

5. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on the first floor basis range from RMB15 to RMB25 per sq.m. per day and the unit rent of these comparable office units basis range from RMB4 to RMB8 per sq.m. per day; and

   c. Based on our research on commercial market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 5% to 7%, and for office portions, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.0% for retail and 5.5% for office as the capitalization rate in the valuation.

6. Pursuant to a mortgage contract, the land use rights and the building ownership rights of the property are subject to the mortgage in favour of a third party.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Nanjing Kairun Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Kairun Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property; and

   b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Kairun Real Estate has the rights to legally occupy, use and lease these portions of the property.

8. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Certificate . . . . Yes
   b. Building Ownership Certificate . . . . Yes

9. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
17.	Affiliated Commercial Property of Nanjing Kaihong Junfu located at Nos. 90 and 94 Jiangjiayuan Road Gulou District Nanjing City Jiangsu Province The PRC (南京•凱鴻雋府配套商業)	The property is located at Nos. 90 and 94 Jiangjiayuan Road. The locality of the property is well served by public facilities with no more than 20 minutes' walk to South Rehe Kindergarten, Jiang Jia Yuan Primary School affiliated kindergarten, the National University Science and Technology Park and the provincial People's Hospital. The property with a total apportioned site area of approximately 4,190.00 sq.m, comprises the affiliated commercial property (street front shops, office and supermarket) within a residential and commercial development known as Kaihong Junfu. The property was completed in December 2010, and was held for investment as at the valuation date. As at the valuation date, the property has a total gross floor area of approximately 5,179.38 sq.m. The classification, usage and gross floor area details of the property were set out in note 3. The land use rights of the property have been granted for a term expiring on 14 November 2047 for commercial use.	As at the valuation date, a portion of the property was rented to an independent third party for commercial purpose and the remaining portion of the property was vacant.	80,700,000

Notes:

1. Pursuant to 6 State-owned Land Use Rights Certificates – Ning Xia Guo Yong (2012) Di No. 02207, No. 02208, No. 02211, No. 02212, No. 02213, No. 02214, the land use rights of the property with a total apportioned site area of approximately 4,190.00 sq.m. have been granted to Nanjing Kaihong Real Estate Development Co., Ltd. (南京凱鴻房地產開發有限公司, "Nanjing Kaihong Real Estate," an indirect wholly-owned subsidiary of the Company) for a term expiring on 14 November 2047 for commercial use.

2. Pursuant to 5 Building Ownership Certificates – Ning Fang Quan Zheng Xia Chu Zi Di No. 339054, No. 339055, No. 339056, No. 339057 and No. 339058, the property with a total gross floor area of approximately 5,179.38 sq.m is owned by Nanjing Kaihong Real Estate.

3. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group II – held for investment by the Group	Retail	627.75	–
	Office	570.73	–
	Supermarket	3,980.90	N/A
	Total:	**5,179.38**	**N/A**

4. Pursuant to a Tenancy Agreement entered into between Nanjing Kaihong Real Estate and an independent third party, portions of the property with a total gross floor area of approximately 3,980.90 sq.m. are leased to a tenant for commercial purpose with the expiry date on 31 January 2025, and the total monthly rent receivable as at the valuation date is approximately RMB167,200, exclusive of management fees, water and electricity charges. As advised by the Group, Nanjing Kaihong Real Estate or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by a tenant.

5. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on the first floor basis range from RMB5 to RMB8 per sq.m. per day and the unit rent of these comparable office units basis range from RMB3 to RMB5 per sq.m. per day ; and

   c. Based on our research on commercial market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 5% to 7%, and for office portions, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.25% for retail and 5.50% for office as the capitalization rate in the valuation.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Nanjing Kaihong Real Estate is legally and validly in possession of the land use rights of the property. Nanjing Kaihong Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property; and

   b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Nanjing Kaihong Real Estate has the rights to legally occupy, use and lease these portions of the property.

7. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Certificate . . . . Yes
   b. Building Ownership Certificate . . . . Yes

8. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
18.	Basement Level 1 and Levels 1 to 4 of 2 buildings known as Kaihong Plaza located at Nos. 1611 and 1661 Sichuan North Road and Nos. 1-3, Lane 258, Dongbaoxing Road Hongkou District Shanghai City The PRC (上海•凱鴻廣場)	The property is located at the junction of Sichuan North Road and Dongbaoxing Road. The locality of the property is a developed residential and commercial area well-served by adequate facilities and public transportation along the main roads. The property occupies a parcel of land with a site area of approximately 16,819.00 sq.m, which had been developed into a shopping center with two four-storey buildings known as Kaihong Plaza. The property was completed in 2007, and was held for investment as at the valuation date. As at the valuation date, the property has a total gross floor area of approximately 25,869.96 sq.m. The classification, usage and gross floor area details of the property were set out in note 2. The land use rights of the property have been granted for a term expiring on 4 February 2042 for commercial use.	As at the valuation date, a portion of the property was rented to various independent third parties for commercial purpose and the remaining portion of the property was vacant.	1,038,900,000

Notes:

1. Pursuant to 2 Real Estate Title Certificates – Hu Fang Di Hong Zi (2010) Nos. 013323 to 013324, the land use rights of a parcel of land with a site area of approximately 16,819.00 sq.m. have been granted to Shanghai Dafa Land Group Co., Ltd. (上海大發房地產集團有限公司, "Shanghai Dafa," an indirect wholly-owned subsidiary of the Company) for a term expiring on 4 February 2042 for commercial use and the property with a total gross floor area of approximately 25,869.96 sq.m. is owned by Shanghai Dafa.

2. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group II – held for investment by the Group	Retail	25,869.96	N/A
	Total:	**25,869.96**	**N/A**

3. Pursuant to 30 Tenancy Agreements entered into between Shanghai Dafa and various independent third parties, portions of the property with a total lettable area of approximately 14,892.90 sq.m. are leased to 30 tenants for commercial purpose with the expiry dates between 19 July 2018 to 28 August 2022, and the total monthly rent receivable as at the valuation date is approximately RMB1,777,000, exclusive of management fees, water and electricity charges. As advised by the Group, Shanghai Dafa or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.

4. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the similar areas as the shopping mall of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable commercial units on the first floor basis range from RMB12 to RMB18 per sq.m. per day; and

   c. Based on our research on commercial market in the surrounding area of the property, for commercial portions, the stabilized market yield ranged from 5% to 7% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 6.0% for retail as the capitalization rate in the valuation.

5. Pursuant to a mortgage contract, the building ownership rights of the property are subject to the mortgage in favor of a third party.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Shanghai Dafa is legally and validly in possession of the land use rights of the property. Shanghai Dafa has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property; and

   b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Dafa has the rights to legally occupy, use and lease these portions of the property.

7. A summary of major certificates/approvals is shown as follows:

   a. Real estate Title Certificate . . . . Yes

8. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
19.	7 office units (Nos. 1901 to 1907) on Level 17 of Harbour Ring Plaza located at No. 18 Xizang Middle Road Huangpu District Shanghai The PRC (上海•港陸廣場)	The property is located at the junction of Xizang Middle Road and Yan'an East Road, which is the core area of People's Square in Shanghai and is well-served by adequate facilities and public transportation along the main roads. The property is within 5 minutes' walk to the Metro Station Dashijie and People's Square. The property has a total apportioned site area of approximately 118.00 sq.m. and comprises 7 office units (Nos. 1901 to 1907) on Level 17 of an office building known as Harbor Ring Plaza. The property was completed in 1997, and was held for investment as at the valuation date. As at the valuation date, the property has a total gross floor area of approximately 1,498.99 sq.m. The classification, usage and gross floor area details of the property were set out in note 2. The land use rights of the property have been granted a term expiring on 31 July 2043 for office use.	As at the valuation date, the property was rented to an independent third party for office purpose.	64,200,000

Notes:

1. Pursuant to 7 Real Estate Title Certificates – Hu Fang Di Huang Zi (2010) Nos. 003555 to 003561, the land use rights of the property with a total apportioned site area of approximately 118.00 sq.m. have been granted to Shanghai Dafa Land Group Co., Ltd. (上海大發房地產集團有限公司, "Shanghai Dafa," an indirect wholly-owned subsidiary of the company) for a term expiring on 31 July 2043 for office use and the property with a total gross floor area of approximately 1,498.99 sq.m. is owned by Shanghai Dafa.

2. According to the information provided by the Group, the gross floor area of the property is set out as below:

Group	Usage	Gross Floor Area	No. of car parking space
		(sq.m.)	
Group II – held for investment by the Group	Office	1,498.99	N/A
	Total:	**1,498.99**	**N/A**

3. Pursuant to a Tenancy Agreement entered into between Shanghai Dafa and an independent third party, the property with a total gross floor area of approximately 1,498.99 sq.m. is leased to a tenant for office purpose with the expiry date on 30 January 2021, and the total monthly rent receivable as at the valuation date is RMB268,000, exclusive of management fees, water and electricity charges. As advised by the Group, Shanghai Dafa or the related property management company should be responsible for the repairs required to main structure of leased portions of the property unless the damages are caused by the tenants.

4. Our valuation has been made on the following basis and analysis:

   a. In undertaking our valuation, we have considered the actual rents in the existing tenancy agreements and also compared with similar developments which are located in the locality of the subject property, for the calculation of market rent in considering (1) the reversionary rental income after the expiry of the existing leases for occupied area, and (2) the rental income of vacant area;

   b. The unit rent of these comparable office units ranges from RMB7.5 to RMB7.9 per sq.m. per day; and

   c. Based on our research on office market in the surrounding area of the property, the stabilized market yield ranged from 4% to 6% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 4.0% for office as the capitalization rate in the valuation.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Shanghai Dafa is legally and validly in possession of the land use rights of the property. Shanghai Dafa has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property; and

   b. For the property of which the relevant Construction Work Completion and Inspection Certificates have been obtained, Shanghai Dafa has the rights to legally occupy, use and lease these portions of the property.

6. A summary of major certificates/approvals is shown as follows:

   a. Real estate Title Certificate . . . . Yes

7. For the purpose of this report, the property is classified into the group as "Group II – held for investment by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
20.	A parcel of land located at the southern side of Wuzhou International Plaza Sheyang County Yancheng City Jiangsu Province The PRC (鹽城•五洲國際廣場南側地塊)	The property is located at the southern side of Xingfu Avenue and the eastern side of Hairun Road. It is well-served with public transportation and adequate facilities. The locality is a mega residential area with street front shops, schools and parks. The property occupies a parcel of land with a site area of approximately 54,451.00 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 209,685.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project. The classification, usage and planned gross floor area details of the property were set out in note 3. The land use rights of the property have been granted for a term expiring on 18 June 2088 for residential use.	As at the valuation date, the property was bare land.	295,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3209242018CR0059 dated 19 June 2018, the land use rights of a parcel of land with a site area of approximately 54,451.00 sq.m. were contracted to be granted to Sheyang Yuque Real Estate Co., Ltd. (射陽煜闕置業有限公司, "Sheyang Yuque Real Estate," an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB280,600,000 and the plot ratio accountable gross floor area is approximately 163,353.00 sq.m..

2. Pursuant to a Real Estate Title Certificate – Su (2018) She Yang Xian Bu Dong Chan Quan No. 0007857, the land use rights of the aforesaid land parcel with a site area of approximately 54,451.00 sq.m. have been granted to Sheyang Yuque Real Estate for a term expiring on 18 June 2088 for residential use.

3. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group IV – held for future development by the Group	Residential	162,693.00	–
	Retail	660.00	–
	Basement (inclusive of car parking spaces)	46,332.00	991
	Total:	**209,685.00**	**991**

4. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential land located in the area close to the subject property, which were transacted in 2017 and 2018. The accommodation value of these comparable land sites ranges from RMB1,800 to RMB2,100 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   Sheyang Yuque Real Estate is legally and validly in possession of the land use rights of the property. Sheyang Yuque Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

6. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Grant Contract . . . . Yes
   b. Real Estate Title Certificate . . . . Yes
   c. Construction Land Planning Permit . . . . No
   d. Construction Work Planning Permit. . . . . No
   e. Construction Work Commencement Permit . . . . No
   f. Pre-sale Permit . . . . No
   g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

7. For the purpose of this report, the property is classified into the group as "Group IV – held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
21.	Xuzhou Dafa Bliss Oriental located at the southern side of Liaohe Road and the eastern side of Jushan Road Pizhou City Xuzhou City Jiangsu Province The PRC (徐州•大發融悦東方)	Xuzhou Dafa Bliss Oriental is located at the southern side of Liaohe Road and the eastern side of Jushan Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 49,125.70 sq.m., which will be developed into a residential and commercial development with a total gross floor area of approximately 155,331.00 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Xuzhou Dafa Bliss Oriental. The classification, usage and planned gross floor area details of the property were set out in note 4. The land use rights of the property have been granted for terms expiring on 6 July 2058 for commercial use and 6 July 2088 for residential use.	As at the valuation date, the property was bare land.	257,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3203822018CR0035 dated 15 May 2018, the land use rights of a parcel of land with a site area of approximately 49,125.70 sq.m. were contracted to be granted to Pizhou Yinyi Real Estate Co., Ltd. (邳州垠壹置業有限公司, "Pizhou Yinyi Real Estate," an indirect wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB243,312,500 and the plot ratio accountable gross floor area is approximately 122,814.00 sq.m..

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 320382201802035, permission towards the planning of the aforesaid land parcel with a site area of approximately 73.7 mu (49,125.70 sq.m.) has been granted to Pizhou Yinyi Real Estate.

3. Pursuant to a Real Estate Title Certificate – Su (2018) Pi Zhou Shi Bu Dong Chan Quan No. 0018851, the land use rights of the aforesaid land parcel with a site area of approximately 49,125.70 sq.m. have been granted to Pizhou Yinyi Real Estate for terms expiring on 6 July 2058 for commercial use and 6 July 2088 for residential use.

4. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group IV – held for future development by the Group	Residential	118,524.00	–
	Retail	450.00	–
	Ancillary	3,840.00	–
	Basement (inclusive of car parking spaces)	32,517.00	750
	Total:	**155,331.00**	**750**

5. Our valuation has been made on the following basis and analysis:

   In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential land located in the area close to the subject property, which were transacted in 2017 and 2018. The accommodation value of these comparable land sites ranges from RMB1,900 to RMB2,300 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

   Pizhou Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Pizhou Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

7. A summary of major certificates/approvals is shown as follows:

   a. State-owned Land Use Rights Grant Contract . . . . Yes
   b. Real Estate Title Certificate . . . . Yes
   c. Construction Land Planning Permit . . . . Yes
   d. Construction Work Planning Permit. . . . . No
   e. Construction Work Commencement Permit . . . . No
   f. Pre-sale Permit . . . . No
   g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

8. For the purpose of this report, the property is classified into the group as "Group IV – held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
22.	Fanchang Dafa Bliss located at the southern side of Fanyang Avenue and the eastern side of Fuxi Road Fanchang County Wuhu City Anhui Province The PRC (繁昌•大發融悅)	Fanchang Dafa Bliss is located at the southern side of Fanyang Avenue and the eastern side of Fuxi Road. The locality is a newly developed area where public facilities such as municipal facilities and amenities are still under development. The property occupies a parcel of land with a site area of approximately 22,197.00 sq.m., which will be developed into a residential development with a total gross floor area of approximately 57,961.90 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project of Fanchang Dafa Bliss. The classification, usage and planned gross floor area details of the property were set out in note 5. The land use rights of the property have been granted for terms expiring on 19 June 2058 for commercial use and 19 June 2088 for residential use.	As at the valuation date, the property was bare land.	116,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – 340222 Chu Rang (2018) No. 0009 dated 25 May 2018, the land use rights of a parcel of land with a site area of approximately 22,197.00 sq.m. were contracted to be granted to Wuhu Xuanyang Real Estate Co., Ltd. (蕪湖泫暘置業有限公司, "Wuhu Xuanyang Real Estate," an indirect wholly-owned subsidiary of the Company) for the terms of 40 years for commercial use and 70 years for residential use commencing from the land delivery date. The total land premium was RMB113,100,000 and the plot ratio accountable gross floor area is approximately 44,394.00 sq.m..

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 340222201800019, permission towards the planning of the aforesaid land parcel with a site area of approximately 22,197.00 sq.m. has been granted to Wuhu Xuanyang Real Estate.

3. Pursuant to a Real Estate Title Certificate – Wan (2018) Fan Chang Xian Bu Dong Chan Quan No. 0036077, the land use rights of the aforesaid land parcel with a site area of approximately 22,197.00 sq.m. have been granted to Wuhu Xuanyang Real Estate for terms expiring on 19 June 2058 for commercial use and 19 June 2088 for residential use.

4. Pursuant to 10 Construction Work Planning Permits – Jian Zi Di Nos. 340222201800067 to 340222201800068, 340222201800095 to 340222201800102 in favour of Wuhu Xuanyang Real Estate, Fanchang Dafa Bliss with a total gross floor area of approximately 57,961.90 sq.m. has been approved for construction.

5. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group IV – held for future development by the Group	Residential	44,148.02	–
	Ancillary	236.98	–
	Basement (inclusive of car parking spaces)	13,576.90	367
	Total:	**57,961.90**	**367**

6. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential land located in the area close to the subject property, which were transacted in 2017 and 2018. The accommodation value of these comparable land sites ranges from RMB2,100 to RMB2,500 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

7. Pursuant to a Mortgage Contract, the land use rights of Fanchang Dafa Bliss are subject to a mortgage in favour of a third party.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Wuhu Xuanyang Real Estate is legally and validly in possession of the land use rights of the property. Wuhu Xuanyang Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the land use rights of the property and upon consent from the mortgagee to transfer, lease, re-mortgage or otherwise dispose of the land use rights of the mortgaged portion of the property.

9. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. Real Estate Title Certificate . . . . Yes
c. Construction Land Planning Permit . . . . Yes
d. Construction Work Planning Permit . . . . Yes
e. Construction Work Commencement Permit . . . . No
f. Pre-sale Permit . . . . No
g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

10. For the purpose of this report, the property is classified into the group as "Group IV – held for future development by the Group in the PRC" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date
				RMB
23.	Bliss Jinyuan located at the southern side of Xinhu Road and the western side of Xifengba Road Changxing County Huzhou City Zhejiang Province The PRC (湖州•融悅錦園)	The property is located at the southern side of Xinhu Road and the western side of Xifengba Road. It is well-served with public transportation and adequate facilities. The locality is a residential area with street front shops, schools and parks. The property occupies a parcel of land with a site area of approximately 52,918.00 sq.m., which will be developed into a residential development with a total gross floor area of approximately 145,979.42 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. As at the valuation date, the property comprised the whole project. The classification, usage and planned gross floor area details of the property were set out in note 6. The land use rights of the property have been granted for a term expiring on 12 August 2088 for residential use.	As at the valuation date, the property was bare land.	402,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 3305222018A21126 dated 17 May 2018, the land use rights of a parcel of land with a site area of approximately 52,918.00 sq.m. were contracted to be granted to Changxing Yinyi Real Estate Co., Ltd. (長興垠壹置業有限公司, "Changxing Yinyi Real Estate," a 55%-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. The total land premium was RMB331,870,000 and the plot ratio accountable gross floor area is approximately 105,836.00 sq.m..

2. Pursuant to a Construction Land Planning Permit – Di Zi Di No. 330522201800047, permission towards the planning of the aforesaid land parcel with a site area of approximately 52,918.00 sq.m. has been granted to Changxing Yinyi Real Estate.

3. Pursuant to a Real Estate Title Certificate – Zhe (2018) Chang Xing Xian Bu Dong Chan Quan No. 0021352 dated 14 August 2018, the land use rights of the aforesaid land parcel with a site area of approximately 52,918.00 sq.m. have been granted to Changxing Yinyi Real Estate for a term expiring on 12 August 2088 for residential use.

4. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 330522201800133 dated 21 August 2018 in favour of Changxing Yinyi Real Estate, Bliss Jinyuan with a total gross floor area of approximately 145,979.42 sq.m. has been approved for construction.

5. Pursuant to a Construction Work Commencement Permit – No. 330522201808290101 dated 29 August 2018 in favour of Changxing Yinyi Real Estate, permission by the relevant local authority was given to commence the construction of Bliss Jinyuan with a gross floor area of approximately 145,979.42 sq.m.

6. According to the information provided by the Group, the planned gross floor area of the property is set out as below:

Group	Usage	Planned Gross Floor Area	No. of car parking space
		(sq.m.)	
Group IV – held for future development by the Group	Residential	104,279.66	–
	Ancillary	1,543.42	–
	Basement (inclusive of car parking spaces)	40,156.34	N/A
	Total:	**145,979.42**	**N/A**

7. Our valuation has been made on the following basis and analysis:

In undertaking our valuation, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential land located in the area close to the subject property, which were transacted in 2018. The accommodation value of these comparable land sites ranges from RMB3,900 to RMB4,500 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal adviser, which contains, inter alia, the following:

Changxing Yinyi Real Estate is legally and validly in possession of the land use rights of the property. Changxing Yinyi Real Estate has the rights to occupy, use, lease, transfer, mortgage or otherwise dispose of the property.

9. A summary of major certificates/approvals is shown as follows:

a. State-owned Land Use Rights Grant Contract . . . . Yes
b. Real Estate Title Certificate . . . . Yes
c. Construction Land Planning Permit . . . . Yes
d. Construction Work Planning Permit . . . . Yes
e. Construction Work Commencement Permit . . . . Yes
f. Pre-sale Permit . . . . No
g. Construction Work Completion and Inspection Certificate/Table/Report . . . . No

10. For the purpose of this report, the property is classified into the group as "Group IV – held for future development by the Group in the PRC" according to the purpose for which it is held.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Companies Law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on December 18, 2017 under the Cayman Companies Law. The Company's constitutional documents consist of its Memorandum and Articles.

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum provides, inter alia, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were adopted on September 10, 2018. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall mutatis mutandis apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) Transfer of shares

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) Power of the Company to purchase its own shares

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) Directors

(i) Appointment, retirement and removal

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the "retirement by rotation" provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

(aa) resign;

(bb) dies;

(cc) is declared to be of unsound mind and the Board resolves that his office be vacated;

(dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;

(ee) he is prohibited from being or ceases to be a director by operation of law;

(ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;

(gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) Borrowing powers

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) Compensation or payments for loss of office

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) ***Disclosure of interest in contracts with the Company or any of its subsidiaries***

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

(aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

(ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) Proceedings of the Board

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

(d) Alterations to the constitutional documents and the Company's name

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) Meetings of member

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) Voting rights and right to demand a poll

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

(A) at least two members;

(B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or

(C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) Notices of meetings and business to be conducted

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

(i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

(i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;

(ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and

(iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

(aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or

(bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(h) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed pari passu among such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(k) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN COMPANIES LAW

The Company was incorporated in the Cayman Islands as an exempted company on December 18, 2017 subject to the Cayman Companies Law. Certain provisions of Cayman Companies Law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the "share premium account." At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

(i) paying distributions or dividends to members;

(ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;

(iii) any manner provided in section 37 of the Cayman Companies Law;

(iv) writing-off the preliminary expenses of the company; and

(v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of Foss v. Harbottle and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities. Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2018 Revision) of the Cayman Islands (as amended), the Company may obtain an undertaking from the Financial Secretary that:

(i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and

(ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:

(aa) on or in respect of the shares, debentures or other obligations of the Company; or (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2018 Revision).

The Company has obtained an undertaking for a period of 20 years from February 19, 2018.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2017 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) Reconstructions

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) Take-overs

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law, as an exempted company with limited liability on December 18, 2017. Our Company has established a place of business in Hong Kong at 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wan Chai, Hong Kong and was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 29, 2018. Ms. So Shuk Yi Betty of 40th Floor, Sunlight Tower, No. 248 Queen's Road East, Wan Chai, Hong Kong has been appointed as the authorized representative of our Company for the acceptance of service of process in Hong Kong.

As our Company was incorporated in the Cayman Islands, it operates subject to the Cayman Companies Law and its constitution comprises the Memorandum and Articles. A summary of certain provisions of the Articles and relevant aspects of the Cayman Companies Law is set forth in Appendix IV to this prospectus.

2. Changes in the share capital of our Company

The authorized share capital of our Company as of the date of its incorporation was HK$380,000 divided into 380,000,000 Shares of HK$0.001 each.

On December 18, 2017, one fully-paid Share was allotted and issued to Walkers Nominees Limited as the initial subscriber. On December 19, 2017, the aforesaid Share was transferred to Splendid Sun, and 59 Shares, 20 Shares and 20 Shares, which were all fully paid up at par value, were further allotted and issued to Splendid Sun, He Hong and Glorious Villa, respectively.

On April 20, 2018, 60 Shares, 20 Shares and 20 Shares, which were all fully paid up at an aggregate consideration of USD70 million, were allotted and issued to Splendid Sun, He Hong and Glorious Villa, respectively.

On September 10, 2018, the authorized share capital of our Company was further increased to HK$10,000,000 by the creation of further 9,620,000,000 Shares pursuant to a resolution passed by our Shareholders.

Immediately following the completion of the Capitalization Issue and the Global Offering, the issued share capital of our Company will be HK$800,000 divided into 800,000,000 Shares, all fully paid or credited as fully paid and 9,200,000,000 Shares will remain unissued.

Save for aforesaid and as mentioned in the sub-section headed "A. Further Information About Our Company And Our Subsidiaries – 3. Resolutions in writing of all our Shareholders passed on September 10, 2018" in this appendix, there has been no alteration in the share capital of our Company since its incorporation.

3. Resolutions in writing of all our Shareholders passed on September 10, 2018

(i) Pursuant to the resolutions in writing of all our Shareholders passed on September 10, 2018:

(a) our Company approved and adopted the Articles, which will come into effect upon the listing of our Shares on the Stock Exchange;

(b) the appointment of each of Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas as independent non-executive Directors with effect from the Listing Date was approved;

(c) the authorized share capital of our Company was increased from HK$380,000 divided into 380,000,000 Shares to HK$10,000,000 divided into 10,000,000,000 Shares by the creation of our additional 9,620,000,000 Shares;

(d) conditional on (i) the Listing Committee of the Stock Exchange granting the approval for the listing of, and permission to deal in, the Shares in issue and Shares to be issued (pursuant to the Global Offering, the Capitalization Issue and the exercise of the Over-allotment Option) and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and the Underwriting Agreements not being terminated in accordance with their terms or otherwise:

(i) the Capitalization Issue, the Global Offering and the Over-allotment Option were approved and our Directors were authorized to effect the same and to allot and issue the Offer Shares pursuant to the Global Offering;

(ii) the grant of the Over-allotment Option was approved;

(iii) the proposed Listing was approved and our Directors were authorized to implement the Listing; and

(iv) the rules of the Share Option Scheme, the principal terms of which are set forth in the paragraph headed "D. Other Information – 1. Share Option Scheme" in this appendix, were approved and adopted with effect from the Global Offering and our Directors were authorized to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of the options which may be granted under the Share Option Scheme and to take all such actions as may be necessary and/or desirable to implement and give effect to the Share Option Scheme;

(e) subject to the share premium account of the Company having sufficient balance, or otherwise being credited as a result of the issue of Offer Shares pursuant to the Global Offering, the Directors were authorised to allot and issue a total of 599,999,800 Shares credited as fully paid at par value to the holders of Shares whose names appear on the register of members of the Company at the close of business on the business day immediately preceding the Listing Date (or as they may direct) in proportion to their respective shareholdings (save that no Shareholder shall be entitled to be allotted or issued any fraction of a Share) by way of capitalization of the sum of HK$599,999.8 standing to the credit of the share premium account of the Company, and the Shares to be allotted and issued pursuant to this resolution shall rank pari passu in all respects with the existing issued Shares;

(f) a general unconditional mandate was granted to our Directors to, inter alia, allot, issue and deal with Shares, the Convertible Securities or the Options and Warrants and to make or grant offers, agreements or options which might require such Shares, the Convertible Securities or the Options and Warrants to be allotted and issued or dealt with at any time subject to the requirement that the aggregate number of the Shares or the underlying Shares relating to the Convertible Securities or the Options and Warrants so allotted and issued or agreed conditionally or unconditionally to be allotted and issued, shall not exceed the aggregate of:

(i) 20% of the number of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering; and

(ii) the number of the Shares repurchased by our Company (if any) pursuant to the repurchase mandate (as mentioned below).

This mandate does not cover (i) any Shares to be allotted, issued or dealt with under a rights issue or scrip dividend scheme or similar arrangements providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association, a specific authority granted by our Shareholders in a general meeting or upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme and (ii) any warrants, options or similar rights to subscribe for (a) any new Shares or (b) any securities convertible into new Shares, for cash consideration. Such mandate will remain in effect until:

(i) at the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied or revoked by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest;

(g) a general unconditional mandate was given to our Directors to exercise all powers of our Company to repurchase Shares with an aggregate number of not exceeding 10% of the aggregate number of the Shares in issue immediately following the Capitalization Issue and the completion of the Global Offering (excluding any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme).

This mandate only relates to repurchase made on the Stock Exchange or on any other stock exchange on which the Shares may be listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are in accordance with all applicable laws and regulations. Such mandate will remain in effect until:

(i) the conclusion of our next annual general meeting; or

(ii) the expiration of the period within which the next annual general meeting of our Company is required to be held under any applicable laws or the Articles of Association; or

(iii) it is varied, revoked or renewed by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest; and

(h) the general unconditional mandate as mentioned in paragraph (f) above was extended by the addition to the aggregate nominal value of the Shares which may be allotted and issued or agreed to be allotted and issued by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the Shares purchased by our Company pursuant to the mandate to repurchase Shares referred to in paragraph (g) above (up to 10% of the aggregate nominal value of the Shares in issue immediately following the Capitalization Issue and completion of the Global Offering, excluding any Shares which may be issued upon the exercise of the Over-allotment Option and the options which may be granted under the Share Option Scheme).

4. Corporate reorganization

The companies comprising our Group underwent the Reorganization in preparation for the listing of the Shares on the Stock Exchange. For further details, please see "Our History and Reorganization."

5. Changes in the share capital of our subsidiaries

Save as disclosed below, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus:

Shanghai Wangyin Industry

On July 6, 2016, Shanghai Wangyin Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Guiyin Industry

On November 1, 2016, Shanghai Guiyin Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Ningbo Kaiyang Real Estate

On November 16, 2016, Ningbo Kaiyang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Wenzhou Guiyin Real Estate

On February 28, 2017, Wenzhou Guiyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Shanghai Rongque Industry

On March 17, 2017, Shanghai Rongque Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Wenzhou Kaize Real Estate

On March 29, 2017, Wenzhou Kaize Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Shanghai Hanqi Industry

On April 19, 2017, Shanghai Hanqi Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Yuque Industry

On April 19, 2017, Shanghai Yuque Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Hanxuan Industry

On May 12, 2017, Shanghai Hanxuan Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Nanjing Xuanyin Real Estate

On June 15, 2017, Nanjing Xuanyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Nanjing Geyang Real Estate

On June 15, 2017, Nanjing Geyang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Nanjing Qiyin Real Estate

On June 15, 2017, Nanjing Qiyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Zhoushan Kaizhou Real Estate

On June 23, 2017, Zhoushan Kaizhou Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Shanghai Kaiyang Industry

On June 28, 2017, the registered capital of Shanghai Kaiyang Industry was increased from RMB50,000,000 to RMB204,081,600.

On September 21, 2017, the registered capital of Shanghai Kaiyang Industry was decreased from RMB204,081,600 to RMB50,000,000.

Anqing Yinyi Real Estate

On August 8, 2017, Anqing Yinyi Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

On April 23, 2018, the registered capital of Anqing Yinyi Real Estate was increased from RMB100,000,000 to RMB380,000,000.

On May 24, 2018, the registered capital of Anqing Yinyi Real Estate was increased from RMB380,000,000 to RMB476,078,400.

Wuhu Yinyi Real Estate

On November 13, 2017, Wuhu Yinyi Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

DaFa Blooms

DaFa Blooms was incorporated in the BVI on December 20, 2017 and is authorized to issue a maximum of 50,000 ordinary shares. On the same day, 100 ordinary shares of DaFa Blooms were allotted and issued to our Company for a consideration of US$100.

On April 20, 2018, DaFa Blooms allotted and issued 100 shares to our Company for a consideration of US$69.5 million, upon which the Company holds 100% of the 200 issued shares of DaFa Blooms.

YinYi Holdings

YinYi Holdings was incorporated in Hong Kong on January 17, 2018. On the same day, 100 ordinary shares of YinYi Holdings were allotted and issued to DaFa Blooms for a consideration of HK$100.

On April 26, 2018, YinYi Holdings allotted and issued 100 shares to DaFa Blooms for a consideration of US$69.5 million, upon which DaFa Blooms holds 100% of the 200 issued shares of YinYi Holdings.

Wuhu Geyang Real Estate

On April 16, 2018, Wuhu Geyang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wuhu Qiyin Real Estate

On April 16, 2018, Wuhu Qiyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wuhu Xuanyin Real Estate

On April 16, 2018, Wuhu Xuanyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Nanjing Qicheng Real Estate

On April 19, 2018, Nanjing Qicheng Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Nanjing Qike Real Estate

On May 2, 2018, Nanjing Qike Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Nanjing Yinke Real Estate

On May 2, 2018, Nanjing Yinke Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Pizhou Yinyi Real Estate

On May 4, 2018, Pizhou Yinyi Real Estate was established in the PRC as a limited liability company with a registered capital of RMB100,000,000.

Shanghai Kaiyang Real Estate

On May 11, 2018, the registered capital of Shanghai Kaiyang Real Estate was increased from RMB100,000,000 to RMB260,210,000.

Shanghai Hanyan Industry

On May 16, 2018, Shanghai Hanyan Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Changxing Yinyi Real Estate

On May 18, 2018, Changxing Yinyi Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Hanben Industry

On May 22, 2018, Shanghai Hanben Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Ningxia Dafa Property Development

On May 23, 2018, Ningxia Dafa Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wuhu Xuanyang Real Estate

On May 24, 2018, Wuhu Xuanyang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Kaihe Real Estate

On May 24, 2018, Ningbo Kaihe Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Kairen Real Estate

On May 24, 2018, Ningbo Kairen Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hefei Kairun Property Development

On May 28, 2018, Hefei Kairun Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Hanfang Industry

On May 29, 2018, Shanghai Hanfang Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Wenzhou Hehong Real Estate

On June 4, 2018, Wenzhou Hehong Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wenzhou Xuanyin Real Estate

On June 4, 2018, Wenzhou Xuanyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Gansu Dafa Property Development

On June 5, 2018, Gansu Dafa Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Jurong Xuanyin Real Estate

On June 13, 2018, Jurong Xuanyin Real Estate was established in the PRC as a limited liability company with a registered capital of RMB20,000,000.

Sheyang Yuque Real Estate

On June 14, 2018, Sheyang Yuque Real Estate was established in the PRC as a limited liability company with a registered capital of RMB20,000,000.

Shanghai Yinze Real Estate

On June 14, 2018, Shanghai Yinze Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shaanxi Kairun Property Development

On June 26, 2018, Shaanxi Kairun Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hefei Yuque Property Development

On June 27, 2018, Hefei Yuque Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Kaiyuan Real Estate

On June 27, 2018, Ningbo Kaiyuan Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hefei Rongque Property Development

On June 28, 2018, Hefei Rongque Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Hefei Jiufa Property Development

On June 28, 2018, Hefei Jiufa Property Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Kaize Real Estate

On June 28, 2018, Ningbo Kaize Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Kaili Real Estate

On June 28, 2018, Ningbo Kaili Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Hanyou Industry

On June 29, 2018, Shanghai Hanyou Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shenzhen Hanqi Industry Development

On July 3, 2018, Shenzhen Hanqi Industry Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Yinwang Real Estate

On July 3, 2018, Shanghai Yinwang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Ningbo Yuyao Kairun Real Estate

On July 23, 2018, Ningbo Yuyao Kairun Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Yinjue Real Estate

On July 25, 2018, Shanghai Yinjue Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Huzhou Yinze Real Estate

On July 26, 2018, Huzhou Yinze Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Huzhou Yinwang Real Estate

On July 26, 2018, Huzhou Yinwang Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shenzhen Hancong Industry Development

On August 1, 2018, Shenzhen Hancong Industry Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shenzhen Yuque Industry Development

On August 1, 2018, Shenzhen Yuque Industry Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shenzhen Rongque Industry Development

On August 2, 2018, Shenzhen Rongque Industry Development was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Jiaxing Kaize Real Estate

On August 9, 2018, Jiaxing Kaize Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Qionglai Hanyan Property Development

On August 14, 2018, Qionglai Hanyan Property Development was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Fada

On August 16, 2018, Shanghai Fada as established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Chengdu Hanchen Real Estate

On August 20, 2018, Chengdu Hanchen Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Chengdu Hanze Real Estate

On August 20, 2018, Chengdu Hanze Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wenzhou Kaixuan Real Estate

On August 23, 2018, Wenzhou Kaixuan Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Wenzhou Yinze Real Estate

On August 23, 2018, Wenzhou Yinze Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Yingde Yuque Real Estate

On August 24, 2018, Yingde Yuque Real Estate was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shanghai Benhan Industry

On August 27, 2018, Shanghai Benhan Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Shaanxi Kaiwang Property

On September 6, 2018, Shaanxi Kaiwang Property was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shaanxi Kaihan Property

On September 6, 2018, Shaanxi Kaihan Property was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Shanghai Hanque Industry

On September 10, 2018, Shanghai Hanque Industry was established in the PRC as a limited liability company with a registered capital of RMB50,000,000.

Xuzhou Hankai Real Estate

On September 16, 2018, Xuzhou Hankai Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

Chongqing Rongque Real Estate

On September 17, 2018, Chongqing Rongque Real Estate was established in the PRC as a limited liability company with a registered capital of RMB10,000,000.

6. Particulars of our subsidiaries

Particulars of our subsidiaries are set forth in Note 1 to the Accountants' Report, the text of which is set forth in Appendix I to this prospectus.

7. Repurchase of Shares by our Company

(a) Provisions of the Listing Rules

The Listing Rules permit companies whose primary listings are on the Main Board of the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of shareholders, either by way of general mandate or by specific approval of a particular transaction.

(*Note*: Pursuant to the resolutions in writing of all our Shareholders passed on September 10, 2018, a general unconditional mandate (the "**Repurchase Mandate**") was granted to our Directors authorizing the repurchase by our Company on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC and the Stock Exchange for this purpose, of Shares with an aggregate nominal value not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue and to be issued immediately following the completion of the Capitalization Issue and the Global Offering, at any time until the conclusion of the next annual general meeting of our Company, the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held or when such mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting, whichever is the earliest.)

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Articles and the laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time.

(iii) Trading Restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate nominal value of the company's shares in issue on the date the repurchase mandate is granted. A listed company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase) without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange.

The Listing Rules also prohibit a listed company from repurchasing its securities on the Stock Exchange if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange.

A listed company is required to procure that the broker appointed by it to effect a repurchase of securities discloses to the Stock Exchange such information with respect to the repurchase made on behalf of the listed company as the Stock Exchange may require.

(iv) Status of Repurchased Securities

A listed company may not make any repurchase of securities after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for a listed company to announce its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules) and ending on the date of the results announcement, the listed company may not repurchase its securities on the Stock Exchange other than in exceptional circumstances.

(v) Reporting Requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following Business Day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year reviewed, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such purchases, where relevant, and the aggregate prices paid.

(vi) Core Connected Persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a "core connected person," that is, a director, chief executive or substantial shareholder of the company or any of its subsidiaries or their respective close associates and a core connected person is prohibited from knowingly selling his securities to the company, on the Stock Exchange.

(b) Reasons for repurchases

Our Directors believe that it is in the best interests of our Company and Shareholders for our Directors to receive the general authority from our Shareholders to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will be in the interest of our Company and our Shareholders. Such repurchases may, depending on market conditions, funding arrangements and other circumstances at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles and the applicable laws of the Cayman Islands.

Any payment for the repurchase of Shares will be drawn from the profits or share premium of our Company or from the proceeds of a fresh issue of shares made for the purpose of the repurchase or, if authorized by the Articles and subject to the Companies Law of the Cayman Islands, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, if authorized by the Articles and subject to the Companies Law of the Cayman Islands, out of capital.

Our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, under the circumstances, have a material adverse effect in the opinion of our Directors on the working capital requirements of our Company or its gearing levels. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) Share capital

Exercise in full of the Repurchase Mandate, on the basis of 800,000,000 Shares in issue immediately after the listing of the Shares, could accordingly result in up to 80,000,000 Shares being repurchased by our Company during the period until:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by any applicable law or the Articles to be held; or

(iii) the date on which the Repurchase Mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever occurs first.

(e) General

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), has any present intention to sell any Shares to our Company or our subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws of the Cayman Islands. Our Company has not repurchased any Shares since its incorporation.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he/she or it has a present intention to sell Shares to our Company, or has undertaken not to do so, if the Repurchase Mandate is exercised.

If as a result of a securities repurchase pursuant to the Repurchase Mandate, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Hong Kong Code on Takeovers and Mergers (the "**Code**"). Accordingly, a Shareholder, or a group of Shareholders acting in concert, depending on the level of the increase of our Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Code as a result. Save as aforesaid, our Directors are not aware of any consequences which may arise under the Code if the Repurchase Mandate is exercised.

If the Repurchase Mandate is fully exercised immediately following the completion of the Global Offering, then, the total number of Shares which will be repurchased pursuant to the Repurchase Mandate shall be 80,000,000 Shares (being 10% of the issued share capital of our Company based on the aforesaid assumptions). The percentage shareholding of our Controlling Shareholders, in aggregate, will increase to approximately 83.3% of the issued share capital of our Company immediately following the full exercise of the Repurchase Mandate. The above-mentioned increase of shareholdings will give rise to an obligation for our Controlling Shareholders to make a mandatory offer in accordance with rule 26 of the Takeovers Code. Any repurchase of Shares which results in the number of Shares held by the public being reduced to less than the prescribed percentage of the Shares then in issue may only be implemented with the approval of the Stock Exchange to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the Repurchase Mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by us within the two years preceding the date of this prospectus and are or may be material:

(1) an equity transfer agreement between Shenzhen Pingan Dahua Huitong Asset Management Co., Ltd. (深圳平安大華匯通財富管理有限公司) ("**Dahua Huitong**") and Shanghai Dafa dated October 31, 2016, whereby Dahua Huitong agreed to transfer the equity interest equivalent to RMB5,800,000 in Nanjing Kaixuan Real Estate to Shanghai Dafa at a consideration of RMB5,800,000;

(2) an equity transfer agreement between Shanghai Dafa and Shanghai Yinyi Information Technology dated December 14, 2016, whereby Shanghai Dafa agreed to transfer the equity interest equivalent to RMB2,702,800 in Nanjing Kaixuan Real Estate to Shanghai Yinyi Information Technology at a consideration of RMB2,702,800;

(3) an equity transfer agreement between Mr. Ge Yiyang and Shanghai Dafa dated February 20, 2017, whereby Mr. Ge Yiyang agreed to transfer 100% equity interest in Shanghai Guiyin Industry to Shanghai Dafa at a consideration of RMB50,000,000;

(4) an equity transfer agreement between Dahua Huitong and Shanghai Kaiyuan Trade dated June 5, 2017, whereby Dahua Huitong agreed to transfer 10% equity interest in Wenzhou Yinyi Real Estate to Shanghai Kaiyuan Trade at a consideration of RMB10,000,000;

(5) an equity transfer agreement between Shenzhen Qianhai Yinyi Asset Management Company Limited (深圳前海垠壹資產管理有限公司) ("**Shenzhen Qianhai Yinyi**"), Shanghai Dafa, Mr. Ge Lv, and Shanghai Jian Jiao Interactive Cultural Media Company Limited (上海尖叫互動文化傳媒有限公司) ("**Shanghai Jian Jiao**") dated June 27, 2017, whereby Shenzhen Qianhai Yinyi, Shanghai Dafa and Mr. Ge Lv agreed to transfer 0.748%, 0.214% and 0.107% equity interest in Shanghai Qijie to Shanghai Jian Jiao at a consideration of RMB1,400,000, RMB400,000 and RMB200,000, respectively;

(6) an equity transfer agreement between Shanghai Kaiyuan Trade and Shanghai Yinjia Industry dated August 18, 2017, whereby Shanghai Kaiyuan Trade agreed to transfer 4.466% equity interest in Wenzhou Yinyi Real Estate to Shanghai Yinjia Industry at a consideration of RMB21,400,000;

(7) an equity transfer agreement between Shanghai Yinjia Industry and Shanghai Kaiyuan Trade dated September 18, 2017, whereby Shanghai Yinjia Industry agreed to transfer 4.466% equity interest in Wenzhou Yinyi Real Estate to Shanghai Kaiyuan Trade at a consideration of RMB21,400,000;

(8) an equity transfer agreement between Shanghai Dafa and Shanghai Yinjia Industry dated September 19, 2017, whereby Shanghai Dafa agreed to transfer 4.466% equity interest in Shanghai Kaiyuan Trade to Shanghai Yinjia Industry at a consideration of RMB2,233,000;

(9) an equity transfer agreement between Shanghai Win Investment Development and Shanghai Dafa dated January 23, 2018, whereby Shanghai Win Investment Development agreed to transfer 33% equity interest in Wenzhou Kairun Real Estate to Shanghai Dafa at a consideration of RMB1,000,000;

(10) an equity transfer agreement between Shanghai Win Investment Development and Shanghai Dafa dated February 8, 2018, whereby Shanghai Win Investment Development agreed to transfer 49% equity interest in Shanghai Yinyi Investment to Shanghai Dafa at a consideration of RMB4,900,000;

(11) an equity transfer agreement between Shanghai Yinyi Information Technology and Shanghai Dafa dated February 13, 2018, whereby Shanghai Yinyi Information Technology agreed to transfer the equity interest equivalent to RMB2,702,800 in Nanjing Kaixuan Real Estate to Shanghai Dafa at a consideration of RMB5,731,100;

(12) an equity transfer agreement between Shanghai Dafa and Shanghai Qihuai Industry Development Co., Ltd. (上海琦淮實業發展有限公司) ("**Shanghai Qihuai**") dated March 15, 2018, whereby Shanghai Dafa agreed to transfer the equity interest equivalent to RMB7,000,000 in Nanjing Wisdom Warden to Shanghai Qihuai at a consideration of RMB10,000,000;

(13) an equity transfer agreement between Shanghai Win Investment Development and Shanghai Dafa dated March 15, 2018, whereby Shanghai Win Investment Development agreed to transfer 47% equity interest in Shanghai Yinyi Real Estate to Shanghai Dafa at a consideration of RMB80,000,000;

(14) an equity transfer agreement between Shanghai Dafa and Shanghai Qihuai dated March 27, 2018, whereby Shanghai Dafa agreed to transfer 16.65% equity interest in Shanghai Qijie to Shanghai Qihuai at a consideration of RMB5,600,000;

(15) an equity transfer agreement between Dafa Group and Wenzhou Kaiyang dated April 11, 2018, whereby Dafa Group agreed to transfer the entire equity interest in Shanghai Dafa to Wenzhou Kaiyang at a consideration of RMB542,000,000;

(16) an equity transfer agreement between Shanghai Dafa and Shanghai Guiyang Industry dated May 17, 2018, whereby Shanghai Dafa agreed to transfer 10% equity interest in Shanghai Guiyin Industry to Shanghai Guiyang Industry at a consideration of RMB44,190,000;

(17) an equity transfer agreement between Shanghai Dafa and Shanghai Xiyin Industry dated May 17, 2018, whereby Shanghai Dafa agreed to transfer 6.79% equity interest in Shanghai Wangyin Industry to Shanghai Xiyin Industry at a consideration of RMB31,920,000;

(18) a capital increase agreement among Anqing Yinyi Real Estate, Everbright Xinglong Trust Co., Ltd. (光大興隴信託有限責任公司) ("**Everbright Xinglong Trust**"), Shanghai Dafa and YinYi Holdings dated May 18, 2018, whereby Everbright Xinglong Trust made a capital contribution of RMB500,000,000 to Anqing Yinyi Real Estate, RMB96,078,400 of which would be accounted as registered capital and RMB403,921,600 would be accounted as capital reserve;

(19) a supplemental agreement among Anqing Yinyi Real Estate, Everbright, Shanghai Dafa and YinYi Holdings dated June 13, 2018 in relation to a capital increase agreement entered into by the same parties dated May 18, 2018, in respect of the change of bank account for the purpose of receipt of capital increase;

(20) the Deed of Indemnity;

(21) the Deed of Non-Competition;

(22) a cornerstone investment agreement dated September 25, 2018 entered into among our Company, Everbright Xinglong Trust Co., Ltd. and CCB International Capital Limited, pursuant to which Everbright Xinglong Trust agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be purchased with HK$78,000,000 (excluding brokerage and levies) at the Offer Price;

(23) a cornerstone investment agreement dated September 25, 2018 entered into among our Company, Foshan Shunde Jianshi Enterprise Asset Management Co., Ltd., Li Zhaoqiang (李昭強) and CCB International Capital Limited, pursuant to which Foshan Shunde Jianshi agreed to subscribe for such number of Shares (rounded down to the nearest whole board lot) which may be purchased with US$10,000,000 (excluding brokerage and levies) at the Offer Price; and

(24) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

Trademarks

(a) Trademarks for which registration has been granted

As of the Latest Practicable Date, we were the registered owner of and had the right to use the following trademarks which we consider to be or may be material to our business:

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class[(1)]	Valid Period
1. . . .		PRC	9158670	Shanghai Dafa	35	June 7, 2012 to June 6, 2022
2. . . .		PRC	9158693	Shanghai Dafa	36	June 28, 2012 to June 27, 2022
3. . . .		PRC	9158711	Shanghai Dafa	37	June 28, 2012 to June 27, 2022
4. . . .		PRC	9158774	Shanghai Dafa	43	June 28, 2012 to June 27, 2022
5. . . .	凯鸿广场	PRC	5845348	Shanghai Dafa	3	December 7, 2009 to December 6, 2019

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class[(1)]	Valid Period
6. . . .	凯鸿广场	PRC	5845347	Shanghai Dafa	18	March 7, 2010 to March 6, 2020
7. . . .	凯鸿广场	PRC	5841064	Shanghai Dafa	35	March 28, 2010 to March 27, 2020
8. . . .	凯鸿广场	PRC	5841063	Shanghai Dafa	36	February 7, 2010 February 6, 2020
9. . . .	凯鸿	PRC	5845349	Shanghai Dafa	18	March 14, 2010 to March 13, 2020
10. . . .	凯鸿	PRC	5845350	Shanghai Dafa	3	December 7, 2009 to December 6, 2019
11. . . .	凯鸿	PRC	5841066	Shanghai Dafa	35	March 28, 2010 to March 27, 2020
12. . . .	凯鸿	PRC	5841065	Shanghai Dafa	36	February 7, 2010 to February 6, 2020
13. . . .		PRC	21741267	Shanghai Dafa	35	February 7, 2018 to February 6, 2028
14. . . .		PRC	21741312	Shanghai Dafa	36	December 14, 2017 to December 13, 2027
15. . . .		PRC	21741500	Shanghai Dafa	37	December 14, 2017 to December 13, 2027
16. . . .	融 悦	PRC	21741239	Shanghai Dafa	35	December 14, 2017 to December 13, 2027
17. . . .	融 悦	PRC	21741396	Shanghai Dafa	37	December 14, 2017 to December 13, 2027
18. . . .	THE BLISS	PRC	21741507	Shanghai Dafa	43	February 7, 2018 to February 6, 2028
19. . . .	DFL DAFA LAND DFL DAFA LAND	Hong Kong	304384666	Wenzhou Guiyin Real Estate	35, 36, 37, 43	December 29, 2017 to December 28, 2027

No.	Trademark	Place of Registration	Registration No.	Registered Owner	Class(1)	Valid Period
20. . . .	DFL DAFA LAND DFL	Hong Kong	304384675	Wenzhou Guiyin Real Estate	35, 36, 37, 43	December 29, 2017 to December 28, 2027
21 . . .	THE BLISS	PRC	21741219	Shanghai Dafa	35	April 14, 2018 to April 13, 2028

(b) Trademark under application

As of the Latest Practicable Date, we have also applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Place of application	Application No.	Applicant	Class(1)	Application Date
1	融 悦	PRC	21741612	Shanghai Dafa	43	October 31, 2016
2	大发	PRC	31225581	Shanghai Dafa	35	May 28, 2018
3	大发	PRC	31216672	Shanghai Dafa	36	May 28, 2018
4	大发	PRC	31216714	Shanghai Dafa	37	May 28, 2018
5	大发	PRC	31214429	Shanghai Dafa	43	May 28, 2018
6	大发地产	PRC	31228911	Shanghai Dafa	35	May 28, 2018
7	大发地产	PRC	31216681	Shanghai Dafa	36	May 28, 2018
8	大发地产	PRC	31204171	Shanghai Dafa	37	May 28, 2018
9	大发地产	PRC	31216744	Shanghai Dafa	43	May 28, 2018
10 . . .	情景地产	PRC	31247245	Shanghai Dafa	35	May 29, 2018
11 . . .	情景地产	PRC	31242287	Shanghai Dafa	36	May 29, 2018
12 . . .	情景地产	PRC	31257653	Shanghai Dafa	37	May 29, 2018
13 . . .	情景地产	PRC	31247371	Shanghai Dafa	43	May 29, 2018
14 . . .	"情景+"生活系统	PRC	31247256	Shanghai Dafa	35	May 29, 2018

No.	Trademark	Place of application	Application No.	Applicant	Class[1]	Application Date
15 . . .	“情景+”生活系统	PRC	31248326	Shanghai Dafa	36	May 29, 2018
16 . . .	“情景+”生活系统	PRC	31260198	Shanghai Dafa	37	May 29, 2018
17 . . .	“情景+”生活系统	PRC	31247376	Shanghai Dafa	43	May 29, 2018
18 . . .	大发地产|DFL	PRC	31255056	Shanghai Dafa	35	May 29, 2018
19 . . .	大发地产|DFL	PRC	31261954	Shanghai Dafa	36	May 29, 2018
20 . . .	大发地产|DFL	PRC	31241857	Shanghai Dafa	37	May 29, 2018
21 . . .	大发地产|DFL	PRC	31260238	Shanghai Dafa	43	May 29, 2018
22 . . .	DFL	PRC	31257597	Shanghai Dafa	35	May 29, 2018
23 . . .	DFL	PRC	31237224	Shanghai Dafa	36	May 29, 2018
24 . . .	DFL	PRC	31247353	Shanghai Dafa	37	May 29, 2018
25 . . .	DFL	PRC	31241898	Shanghai Dafa	43	May 29, 2018

Note:

(1) For details of the classification of goods for trademarks, please see the paragraph headed “B. Further Information about our Business – 2. Intellectual property rights of our Group – Trademarks – (c) Classification of goods for trademarks” in this appendix.

(c) Classification of goods for trademarks

The table below sets out the classification of goods for trademarks in Hong Kong and the PRC (the detailed classification in relation to the relevant trademarks depends on the details set out in the relevant trademark certificates and may differ from the list below):

Hong Kong

Class Number	Goods
35	Advertising; business management; business administration; office functions.
36	Insurance; financial affairs; monetary affairs; real estate affairs.
37	Building construction; repair; installation services.
43	Services for providing food and drink; temporary accommodation.

PRC

Class Number	Goods
3	Bleaching preparations and other substances for laundry use; cleaning, polishing, scouring and abrasive preparations; drug-free soaps; perfumery, essential oils, drug-free cosmetics, drug-free hair conditioners; drug-free dentifrices.
18	Leather and imitations of leather; furs; trunks and backpacks; umbrellas and parasols; walking sticks; whips, harness and saddler; collars, belts and clothing for animals.
35	Advertising; business management; business administration; office functions.
36	Insurance; financial affairs; monetary affairs; real estate affairs.
37	Building construction; repair; installation services.
43	Services for providing food and drink; temporary accommodation.

Domain Names

As of the Latest Practicable Date, we have registered the following domain name:

Domain Name	Registrant	Date of Registration	Expiry Date
www.dafaland.com	Shanghai Dafa	September 15, 2010	September 15, 2019

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) Disclosure of interest – interests and short positions of our Directors and the chief executive of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations

Immediately following the completion of the Capitalization Issue and the Global Offering (but without taking into account the exercise of the Over-allotment Option), the interest or short position of our Directors or chief executives of our Company in the Shares, underlying shares and debentures of our Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to our Company and the Stock Exchange, once the Shares are listed, are as follows:

(i) Interests in Shares of our Company

Name of Director	Nature of interest	Number of Shares	Approximate percentage of shareholding
Mr. Ge Yiyang[1]	Interest in a controlled corporation/interest of concert parties	600,000,000	75%

Note:

(1) Pursuant to the Deed of Act-in-concert, each of the Ultimate Controlling Shareholders had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group and they have confirmed that they have historically voted on such resolutions in the same way since January 1, 2015 or the date when they became interested in any member of our Group, whichever is earlier.

As such, each of the Ultimate Controlling Shareholders together with their respective holding companies (being Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong) are all deemed to be interested in the total Shares directly and indirectly held by Splendid Sun, Sound Limited, Shade (BVI), Glorious Villa and He Hong. Therefore, Mr. Ge Yiyang is deemed to be interest in the Shares held by Splendid Sun, Glorious Villa and He Hong for the purpose of Part XV of the SFO.

(ii) Interests in associated corporations

Name of Director	Nature of interest	Name of associated corporation	Approximate percentage of shareholding
Mr. Ge Yiyang	Beneficial interest	Glorious Villa[1]	100%
	Interest in controlled corporation	He Hong[1][2]	21%

Notes:

(1) Pursuant to the Deed of Act-in-concert, each of the Ultimate Controlling Shareholders had agreed to, consult each other and reach a unanimous consensus among themselves on such matters being the subject matters of any shareholders' resolution, prior to putting forward such resolution to be passed at any shareholders' meeting of the members of our Group or their respective predecessors during the period when they (by themselves or together with their associates) remain in control of our Group and they have confirmed that they have historically voted on such resolutions in the same way since January 1, 2015 or the date when they became interested in any member of our Group, whichever is earlier.

As such, Glorious Villa, together with Splendid Sun, Sound Limited, Shade (BVI) and He Hong will control 75% of the voting power at general meetings of the Company immediately following the completion of the Capitalization Issue and the Global Offering (but without taking into account the exercise of the Over-allotment Option) and therefore Glorious Villa, Splendid Sun, Sound Limited, Shade (BVI) and He Hong are associated corporations of the Company.

(2) Glorious Villa is wholly-owned by Mr. Ge Yiyang. By virtue of the SFO, Mr. Ge Yiyang is deemed to be interested in the shares of He Hong held by Glorious Villa.

(b) Particulars of service contracts and letters of appointment

Each of Mr. Ge Yiyang, Mr. Liao Lujiang, Mr. Chi Jingyong and Mr. Yang Yongwu, being our executive Directors, has entered into a service contract with our Company on September 10, 2018. Each service contract is for an initial term of three years commencing from the Listing Date. The service contracts may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

Each of Mr. Gu Jiong, Mr. Sun Bing and Mr. Fok Ho Yin Thomas, being our independent non-executive Directors, has entered into a letter of appointment with our Company on September 10, 2018. Each letter of appointment is for an initial term of three years commencing from the Listing Date. The letters of appointment may be renewed in accordance with our Articles of Association and the applicable laws, rules and regulations.

(c) Directors' remuneration

The aggregate remuneration (including fees, salaries, contribution to pension schemes, housing allowances, other allowances and benefits-in-kind and discretionary bonuses) paid to our Directors for the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018 were approximately RMB2,543,000, RMB2,930,000, RMB2,802,000 and RMB1,310,000, respectively.

There was no arrangement under which a Director has waived or agreed to waive any emoluments for each of the three financial years immediately preceding the issue of this prospectus.

Save as disclosed above, no other payments have been made or are payable in respect of the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018 by any member of our Group to any of our Directors.

During the Track Record Period, no remuneration was paid by us to, or receivable by, our Directors or the five highest paid individuals as an inducement to join or upon joining our Company. No compensation was paid by us to, or receivable by, our Directors, former Directors, or the five highest-paid individuals for each of the Track Record Period for the loss of any office in connection with the management of the affairs of any members of our Group.

Further details of the terms of the above service contracts are set forth in the paragraph headed "C. Further Information About Our Directors And Substantial Shareholders – 1. Directors – (b) Particulars of service contracts and letters of appointment" in this appendix.

2. Substantial Shareholders

Save as disclosed in the section "Substantial Shareholders" in this prospectus, immediately following the completion of the Capitalization Issue and the Global Offering (but without taking into account the exercise of the Over-allotment Option), our Directors are not aware of any other person (other than our Directors and chief executive of our Company) who has an interest and/or short position in the Shares or the underlying shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO, or will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company.

3. Personal Guarantees

Save as disclosed in this prospectus, our Directors have not provided personal guarantees in favour of lenders in connection with banking facilities granted to us.

4. Agency fees or commissions received

Save as disclosed in this prospectus, no commissions, discounts, brokerages or other special terms were granted within the two years preceding the date of this prospectus in connection with the issue or sale of any capital of any member of our Group.

5. Related-Party Transactions

During the two years preceding the date of this prospectus, our Company engaged in related party transactions as described in the Accountants' Report set out in Appendix I to this prospectus under the paragraph headed "II Notes to the Historical Financial Information – 37. Related Party Transactions."

6. Disclaimers

Save as disclosed herein:

(a) none of our Directors or the chief executive of our Company has any interest or short position in the Shares, underlying shares or debentures of our Company or any of its associated corporation (within the meaning of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers once the Shares are listed;

(b) none of our Directors or any of the experts referred to under paragraph headed "D. Other Information – 9. Qualification of Experts" in this appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation));

(e) so far as is known to our Directors or chief executive of our Company, no person (not being a Director or chief executive of our Company) who will, immediately following the completion of the Capitalization Issue and the Global Offering, have an interest or short position in the Shares or underlying shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group; and

(f) none of our Directors, their respective close associates (as defined under the Listing Rules) or our Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers or the five largest suppliers of our Group.

D. OTHER INFORMATION

1. Share Option Scheme

The following is a summary of the principal terms of the Share Option Scheme conditionally adopted by the written resolutions of all our Shareholders on September 10, 2018.

(a) Purpose

The purpose of the Share Option Scheme is to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Our Directors believe the Share Option Scheme will enable our Group to reward our employees, our Directors and other selected participants for their contributions to our Group. Given that our Directors are entitled to determine the performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by our Directors, it is expected that grantees of an option will make an effort to contribute to the development of our Group so as to bring about an increased market price of the Shares in order to capitalize on the benefits of the options granted.

(b) Who may join

Our Directors (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who our Board considers, in its sole discretion, have contributed or will contribute to our Group, to take up options to subscribe for Shares (collectively the "**Eligible Participants**"):

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of our Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of our Group.

For the purposes of the Share Option Scheme, the options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. For the avoidance of doubt, the grant of any options by the Company for the subscription of Shares or other securities of our Group to any person who falls within any of the above classes of participants shall not, by itself, unless our Directors otherwise so determine, be construed as a grant of option under the Share Option Scheme.

The eligibility of any of the above class of participants to the grant of any option shall be determined by our Directors from time to time on the basis of our Directors' opinion as to the participant's contribution to the development and growth of our Group.

(c) Maximum number of Shares

(i) The maximum number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 30% of the issued share capital of the Company from time to time.

(ii) The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of our Group shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 80,000,000 Shares (the "**General Scheme Limit**").

(iii) Subject to paragraph (i) above and without prejudice to paragraph (iv) below, the Company may issue a circular to its Shareholders and seek approval of its Shareholders in a general meeting to extend the General Scheme Limit provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share options scheme of our Group shall not exceed 10% of the Shares in issue as of the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of our Group) previously granted under the Share Option Scheme and any other share option scheme of our Group will not be counted. The circular sent by the Company to its Shareholders shall contain, among other information, the information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(iv) Subject to paragraph (i) above and without prejudice to paragraph (iii) above, the Company may seek separate Shareholders' approval in a general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in paragraph (iii) above to participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to its Shareholders containing a general description of the identified participants, the number and terms of options to be granted, the purpose of granting options to the identified participants with an explanation as to how the terms of the options serve such purpose and all other information required under Rule 17.02(2)(d) of the Listing Rules and the disclaimer required under Rule 17.02(4) of the Listing Rules.

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of our Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being (the "**Individual Limit**"). Any further grant of options to a participant in aggregate in excess of the Individual Limit in any 12-month period up to and including the date of such further grant shall be subject to the issue of a circular to our Shareholders and our Shareholders' approval in general meeting of the Company with such participant and his close associates abstaining from voting. The number and terms (including the exercise price) of options to be granted to such participant must be fixed before Shareholders' approval and the date of board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 17.03(9) of the Listing Rules.

(e) Grant of options to connected persons

(i) Any grant of options under the Share Option Scheme to any Director, chief executive or substantial Shareholder of the Company or any of their respective associates must be approved by our independent non-executive Directors (excluding any independent non-executive Director who is the proposed grantee of the options).

(ii) Where any grant of options to a substantial Shareholder of the Company or an independent non-executive Director or any of their respective associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

- representing in aggregate over 0.1% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

- having an aggregate value, based on the closing price of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of each grant, in excess of HK$5 million (or such other higher amount as may from time to time be specified by the Stock Exchange);

such further grant of options must be approved by our Shareholders in a general meeting. The Company must send a circular to its Shareholders no later than the date on which the Company gives notice of the general meeting to approve the Share Option Scheme. The grantees, their associates and all core connected persons of the Company must abstain from voting at such general meeting, except that they may vote against the relevant resolution at the general meeting provided that any of their intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith. Any vote taken at the general meeting to approve the grant of such options must be taken on a poll. Any change in the terms of options granted to a substantial shareholder or an independent non-executive Director or any of their respective associates must be approved by our Shareholders in a general meeting.

(f) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by our Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by our Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK$1.00 by way of consideration for the grant thereof, which must be received by the Company within 5 business days from the date on which the offer letter is delivered to the grantee.

(g) Performance targets

Unless our Directors otherwise determine and state in the offer of the grant of options to a grantee, a grantee is not required to achieve any performance targets before any options granted under the Share Option Scheme can be exercised.

(h) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by our Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

(i) Ranking of Shares

(i) Shares allotted and issued upon the exercise of an option will be identical to the then existing issued shares of the Company and subject to all the provisions of the Memorandum and Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date the name of the grantee is registered on the register of members of the Company or, if that date falls on a day when the register of members of the Company is closed, the first day of the re-opening of the register of members (the "Exercise Date") and accordingly will entitle the holders thereof to participate in all dividends or other distributions paid or made on or after the Exercise Date other than any dividend or other distribution previously declared or recommended or resolved to be paid or made if the record date therefor shall be before the Exercise Date. A Share allotted upon the exercise of an option shall not carry voting rights or rights to participate in any dividends or distributions (including those arising on a liquidation of the Company) declared or recommended or resolved to be paid to the Shareholders on the register until the completion of the registration of the grantee on the register of members of the Company as the holder thereof.

(ii) Unless the context otherwise requires, references to "Shares" in this paragraph include references to shares in the ordinary equity share capital of the Company of such nominal amount as shall result from a subdivision, consolidation, re-classification or re-construction of the share capital of the Company from time to time.

(j) Restrictions on the time of grant of options

No offer for grant of options shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been announced in accordance with the requirements of the Listing Rules. In particular, during the period commencing one month immediately preceding the earlier of (i) the date of the meeting of our Directors (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of the Company's results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules); and (ii) the last date on which the Company must publish its announcement of its results for any year, half-year, quarter or any other interim period (whether or not required under the Listing Rules), and ending on the date of the announcement of the results, no offer for grant of options may be made.

Our Directors may not grant any option to a participant who is a Director during the period or time in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by the Company.

(k) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted.

(l) Rights are personal to the grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option.

(m) Rights on ceasing employment

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant for any reason other than death, ill-health or retirement in accordance with his contract of employment or for serious misconduct or other grounds referred to in sub-paragraph (o) below before exercising his option in full, the option (to the extent not already exercised) will lapse on the date of cessation and will not be exercisable unless our Directors otherwise determine in which event the grantee may exercise the option (to the extent not already exercised) in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the grantee was physically at work with our Group or the relevant subsidiary whether salary is paid in lieu of notice or not.

(n) Rights on death, ill-health or retirement

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant by reason of his death, ill-health or retirement in accordance with his contract of employment before exercising the option in full, his personal representative(s), or, as appropriate, the grantee may exercise the option (to the extent not already exercised) in whole or in part within a period of 12 months following the date of cessation which date shall be the last day on which the grantee was physically at work with our Group or the relevant subsidiary whether salary is paid in lieu of notice or not or such longer period as our Directors may determine.

(o) Rights on dismissal

If the grantee of an option is an Eligible Participant and ceases to be an Eligible Participant by reason that he has been guilty of serious misconduct or has committed any act of bankruptcy or has become insolvent or has made any arrangements or composition with his creditors generally, or has been convicted of any criminal offence (other than an offence which in the opinion of our Directors does not bring the grantee or our Group or the relevant subsidiary into disrepute) or on any other ground on which an employer would be entitled to terminate his or her employment summarily, his option will lapse automatically and will not be exercisable on or after the date of ceasing to be an Eligible Participant.

(p) Rights on breach of contract

If our Directors shall at their absolute discretion determine that (i)(1) the grantee of any option (other than an Eligible Participant) or his associate has committed any breach of any contract entered into between the grantee or his associate on the one part and our Group or any relevant subsidiary on the other part; or (2) that the grantee has committed any act of bankruptcy or has become insolvent or is subject to any winding-up, liquidation or analogous proceedings or has made any arrangement or composition with his creditors generally; or (3) the grantee could no longer make any contribution to the growth and development of our Group by reason of the cessation of its relations with our Group or by other reason whatsoever; and (ii) the option granted to the grantee under the Share Option Scheme shall lapse as a result of any event specified in items (1), (2) or (3) in (i) above, his option will lapse automatically and will not be exercisable on or after the date on which our Directors have so determined.

(q) Rights on a general offer, a compromise or arrangement

If a general or partial offer, whether by way of take-over offer, share repurchase offer, or scheme of arrangement or otherwise in like manner is made to all the holders of Shares, or all such holders other than the offeror and/or any person controlled by the offeror and/or any person acting in association or concert with the offeror, the Company shall use all reasonable endeavors to procure that such offer is extended to all the grantees on the same terms, mutatis mutandis, and assuming that they will become, by the exercise in full of the options granted to them, our Shareholders. If such offer becomes or is declared unconditional or such scheme of arrangement is formally proposed to our Shareholders, a grantee shall be entitled to exercise the option (to the extent not already exercised) to its full extent or to the extent specified in the grantee's notice to the Company in exercise of his option at any time before the close of such offer (or any revised offer) or the record date for entitlements under such scheme of arrangement, as the case may be.

(r) Rights on winding up

In the event of a resolution being proposed for the voluntary winding-up of the Company during the option period, the grantee may, subject to the provisions of all applicable laws, by notice in writing to the Company at any time not less than two business days before the date on which such resolution is to be considered and/or passed, exercise his option (to the extent not already exercised) either to its full extent or to the extent specified in such notice in accordance with the provisions of the Share Option Scheme and the Company shall allot and issue to the grantee the Shares in respect of which such grantee has exercised his option not less than one business day before the date on which such resolution is to be considered and/or passed whereupon the grantee shall accordingly be entitled, in respect of the Shares allotted and issued to him in the aforesaid manner, to participate in the distribution of the assets of the Company available in liquidation pari passu with the holders of the Shares in issue on the day prior to the date of such resolution. Subject thereto, all options then outstanding shall lapse and determine on the commencement of the winding-up of the Company.

(s) Grantee being a company wholly owned by Eligible Participants

If the grantee is a company wholly owned by one or more Eligible Participants: sub-paragraphs (k), (m), (n) and (o) shall apply to the grantee and to the options to such grantee, mutatis mutandis, as if such options had been granted to the relevant Eligible Participant, and such options shall accordingly lapse or fall to be exercisable after the event(s) referred to in sub-paragraphs (k), (m), (n) and (o) shall occur with respect to the relevant Eligible Participant, and the options granted to the grantee shall lapse and determine on the date the grantee ceases to be wholly owned by the relevant Eligible Participant provided that our Directors may in their absolute discretions decide that such options or any part thereof shall not so lapse or determine subject to such conditions or limitations as they may impose.

(t) Adjustments to the subscription price

In the event of a capitalization issue, rights issue, subdivision or consolidation of Shares or reduction of capital of the Company whilst an option remains exercisable, such corresponding adjustments (if any) certified by the auditors for the time being of or an independent financial advisor to the Company as fair and reasonable will be made to (i) the number or nominal amount of Shares to which the Share Option Scheme or any option relates, so far as unexercised, and/or (ii) the subscription price of the option concerned, and/or (iii) the method of exercise of the Option, provided that (1) any adjustments shall give a grantee the same proportion of the issued share capital to which he was entitled prior to such alteration; (2) the issue of Shares or other securities of our Group as consideration in a transaction may not be regarded as a circumstance requiring adjustment; and (3) no adjustments shall be made the effect of which would be to enable a Share to be issued at less than its nominal value. In addition, in respect of any such adjustments, other than any adjustments made on a capitalization issue, such auditors or independent financial advisor must confirm to our Directors in writing that the adjustments satisfy the requirements of the relevant provisions of the Listing Rules and such other applicable guidance and/or interpretation of the Listing Rules from time to time issued by the Stock Exchange (including, but not limited to, the "Supplementary Guidance on Main Board Listing Rule 17.03(13) and the Note immediately after the Rule" attached to the letter from the Stock Exchange dated September 5, 2005 to all issuers relating to share option schemes).

(u) Cancellation of options

Any cancellation of options granted but not exercised must be subject to the prior written consent of the relevant grantee.

When the Company cancels any option granted to a grantee but not exercised and issues new option(s) to the same grantee, the issue of such new option(s) may only be made with available unissued options (excluding the options so cancelled) within the General Scheme Limit or the new limits approved by our Shareholders pursuant to sub-paragraphs (c) (iii) and (iv) above.

(v) Termination of the Share Option Scheme

The Company by ordinary resolution in a general meeting or the Board may at any time terminate the Share Option Scheme and in such event no further options shall be offered or granted but the provisions of the Share Option Scheme shall remain in force to the extent necessary to give effect to the exercise of any options (to the extent not already exercised) granted prior to the termination or otherwise as may be required in accordance with the provisions of the Share Option Scheme. Options (to the extent not already exercised) granted prior to such termination shall continue to be valid and exercisable in accordance with the Share Option Scheme.

(w) Lapse of option

An option shall lapse automatically (to the extent not already exercised) on the earliest of:

(i) the expiry of the period referred to in sub-paragraph (f);

(ii) the date or the expiry of the periods or dates referred to in sub-paragraphs (k), (m), (n), (o), (q) and (r);

(iii) the date on which the grantee commits a breach of the provision which restricts the grantee to transfer or assign an option granted under the Share Option Scheme or sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of this scheme;

(iv) the date on which the grantee (being an employee or a director of any member of our Group) ceases to be an Eligible Participant of the Share Option Scheme by reason of the termination of his or her employment or engagement on the grounds that he or she has been guilty of serious misconduct, or appears either to be unable to pay or to have no reasonable prospect of being able to pay his or her debts or has become bankrupt or has made any arrangement or composition with his or her creditors generally, or has been convicted of any criminal offence involving his or her integrity or honesty or on any other ground on which an employer would be entitled to terminate his or her employment summarily;

(v) the date on which the grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of the Company;

(vi) the date on which the grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally; and

(vii) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (m) or (n), the date the grantee ceases to be an Eligible Participant (as determined by a Board resolution) for any other reason.

(x) Others

(i) The Share Option Scheme is conditional on the Listing Committee of the Stock Exchange granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the listing of and permission to deal in such number of Shares to be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such number representing the General Scheme Limit. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in the Shares to be issued within the General Scheme Limit pursuant to the exercise of any options which may be granted under the Share Option Scheme.

(ii) The terms and conditions of the Share Option Scheme relating to the matters set forth in Rule 17.03 of the Listing Rules shall not be altered to the advantage of grantees of the options except with the approval of our Shareholders in a general meeting.

(iii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iv) The amended terms of the Share Option Scheme or the options shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(v) Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the Share Option Scheme shall be approved by our Shareholders in a general meeting.

(y) Value of options

Our Directors consider it inappropriate to disclose the value of options which may be granted under the Share Option Scheme as if they had been granted as of the Latest Practicable Date. Any such valuation will have to be made on the basis of a certain option pricing model or other method that depends on various assumptions including the exercise price, the exercise period, interest rate, expected volatility and other variables. As no options have been granted, certain variables are not available for calculating the value of options. Our Directors believe that any calculation of the value of options granted as of the Latest Practicable Date would be based on a number of speculative assumptions that are not meaningful and would be misleading to investors.

(z) Grant of options

As of the date of this prospectus, no options have been granted or agreed to be granted under the Share Option Scheme.

Application has been made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

2. Estate Duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

3. Tax and Other Indemnity

Our Controlling Shareholders (the "**Indemnifiers**") have entered into the Deed of Indemnity in favor of our Group (being a material contract referred to in the sub-section headed "B. Further Information About Our Business – 1. Summary of Material Contracts" in this appendix) to provide the indemnities on a joint and several basis in respect of, among other matters, taxation resulting from profits or gains earned, accrued or received, as well as any penalties imposed due to non-compliance with any applicable laws and regulations, all tax liabilities and actual or threatened litigation on or before the date when the Global Offering becomes unconditional.

4. Litigation

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus and so far as our Directors are aware, no litigation or claim of material importance (to our Group's financial condition or results of operation) is pending or threatened against any member of our Group.

5. Sole Sponsor

The Sole Sponsor has made an application on our behalf to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and the Shares to be issued as mentioned in this prospectus. All necessary arrangements have been made to enable such Shares to be admitted into CCASS.

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules. The sponsor fee payable to the Sole Sponsor by our Company is US$1.0 million.

6. Preliminary Expenses

Our preliminary expenses are estimated to be approximately US$3,700 and are payable by our Company.

7. Promoter

We do not have any promoter for the purpose of the Listing Rules. Within the two years immediately preceding the date of this prospectus, no cash, securities or other benefit has been paid, allotted or given nor are any proposed to be paid, allotted or given to any promoter in connection with the Global Offering and the related transactions described in this prospectus.

8. Taxation of holders of Shares

(a) Hong Kong

The sale, purchase and transfer of Shares registered with our Hong Kong branch register of members will be subject to Hong Kong stamp duty. The current rate charged on each of the purchaser and seller is 0.1% of the consideration of or, if higher, of the fair value of the Shares being sold or transferred. Profits from dealings in the Shares arising in or derived from Hong Kong may also be subject to Hong Kong profits tax. The Revenue (Abolition of Estate Duty) Ordinance 2005 came into effect on February 11, 2006 in Hong Kong. No Hong Kong estate duty is payable and no estate duty clearance papers are needed for a grant of representation in respect of holders of Shares whose death occurs on or after February 11, 2006.

(b) Cayman Islands

There is no stamp duty payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(c) Consultation with professional advisors

Intending holders of the Shares are recommended to consult their professional advisors if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares. It is emphasized that none of our Company, our Directors or the other parties involved in the Global Offering will accept responsibility for any tax effect on, or liabilities of, holders of Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercise of any rights attaching to them.

9. Qualification of Experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
CCB International Capital Limited	Licensed to conduct type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), acting as a Sole Sponsor of the Listing
Ernst & Young	Certified public accountants
Jingtian & Gongcheng	PRC legal advisor to our Company
Walkers	Cayman Islands legal advisor
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry consultant
Protiviti Shanghai Co., Ltd.	Internal control consultant

10. Consents of Experts

Each of CCB International Capital Limited, Ernst & Young, Jingtian & Gongcheng, Walkers, Jones Lang LaSalle Corporate Appraisal and Advisory Limited and Protiviti Shanghai Co., Ltd. has given and has not withdrawn its consent to the issue of this prospectus with the inclusion of its view, report and/or letter and/or legal opinion (as the case may be) and references to its name included herein in the form and context in which it respectively appears.

None of the experts named above has any shareholding interest in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

11. Bilingual Prospectus

The English language and Chinese language versions of this prospectus are being published separately in reliance on the exemption provided in section 4 of the Companies Ordinance (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

12. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

13. Miscellaneous

(a) save as disclosed in this prospectus, within the two years immediately preceding the date of this prospectus:

  (i) no share or loan capital of our Company or any of our subsidiaries had been issued or agreed to be issued or proposed to be fully or partly paid either for cash or a consideration other than cash;

  (ii) no commissions, discounts, brokerages or other special terms had been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;

  (iii) no commission had been paid or payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries;

(b) save as disclosed in this prospectus, no share or loan capital of our Company or any of our subsidiaries had been under option or agreed conditionally or unconditionally to be put under option;

(c) save as disclosed in this prospectus, there are no founder, management or deferred shares, convertible debt securities nor any debentures in our Company or any of our subsidiaries;

(d) save as disclosed in this prospectus, none of the persons named in the sub-paragraph headed "D. Other Information – 9. Qualification of Experts" in this appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group;

(e) our Directors confirm that there has been no material adverse change in the financial or trading position of our Group since April 30, 2018 (being the date to which the latest audited consolidated financial statements of our Group were made up);

(f) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;

(g) our principal register of members will be maintained by our principal registrar, Walkers Corporate Limited, in the Cayman Islands and our Hong Kong register of members will be maintained by our Hong Kong Branch Share Registrar, Computershare Hong Kong Investor Services Limited. All transfer and other documents of title of the Shares must be lodged for registration with and registered by our share register in Hong Kong. All necessary arrangements have been made to enable the Shares to be admitted to CCASS;

(h) no company within our Group is listed on any stock exchange or traded on any trading system and at present, and our Group is not seeking or proposing to seek any listing of, or permission to deal in, the share or loan capital of our Company on any other stock exchange; and

(i) there is no arrangement under which future dividends are waived or agreed to be waived.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

(a) copies of each of the **WHITE**, **YELLOW** and **GREEN** Application Forms;

(b) a copy of each of the material contracts referred to in the sub-section headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix V to this prospectus; and

(c) the written consents referred to in the sub-section headed "Statutory and General Information – D. Other Information – 10. Consents of Experts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Paul Hastings at 21-22/F, Bank of China Tower, 1 Garden Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum and Articles of Association;

(b) the accountants' report for the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018 prepared by Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the report on the unaudited pro forma financial information prepared by Ernst & Young, the text of which is set out in Appendix II to this prospectus;

(d) the audited consolidated financial statements of the Group for the three years ended December 31, 2015, 2016 and 2017 and the four months ended April 30, 2018;

(e) the letter, summary of valuations and valuation certificates relating to the property interests of the Group prepared by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the texts of which are set out in Appendix III to this prospectus;

(f) the legal opinions issued by Jingtian & Gongcheng, our PRC legal adviser, dated the date of this prospectus in respect of certain aspects of our Group;

(g) the letter of advice prepared by Walkers, our legal adviser as to the law of the Cayman Islands, summarizing certain aspects of Cayman Companies Law referred to in Appendix IV to this prospectus;

(h) the material contracts referred to in the sub-section headed "Statutory and General Information – B. Further Information About Our Business – 1. Summary of Material Contracts" in Appendix V to this prospectus;

(i) the written consents referred to in the sub-section headed "Statutory and General Information – D. Other Information – 10. Consents of Experts" in Appendix V to this prospectus;

(j) service contracts and the letters of appointment referred to in the sub-section headed "Statutory and General Information – C. Further Information About Our Directors and Substantial Shareholders – 1. Directors – (b) Particulars of service contracts and letters of appointment" in Appendix V to this prospectus;

(k) the Cayman Companies Law;

(l) the rules of the Share Option Scheme;

(m) the industry report issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited;

(n) the opinion letter issued by Jones Lang LaSalle Corporate Appraisal and Advisory Limited in relation to the lease of a property by the Group from its connected person; and

(o) the review report prepared by Protiviti Shanghai Co., Ltd., our internal control consultant, in respect of remedial internal control measures in connection with the non-compliance incidents.

DFL
DAFA LAND

大发地产集团有限公司

DaFa Properties Group Limited